

FY 1999 Budget in Brief

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DEPARTMENT OF THE TREASURY

Highlights of the FY 1999 Budget Request

	<i>\$ Billions</i>		
	<i>Discretionary</i>	<i>Outside Caps</i>	<i>Total</i>
FY 1998 Enacted	\$11.333	\$0.138	\$11.471
FY 1999 Request	\$12.158	\$0.143	\$12.301
<i>Difference</i>	\$0.825	\$0.005	\$0.830
<i>Percent change:</i>	7.28%	3.62%	7.23%

The President's proposed FY 1999 budget supports Treasury's key governmental role as **tax administrator, revenue collector, law enforcer, and financial manager**. Treasury developed this funding level in the context of its support for balancing the Federal budget. Since discretionary spending was not proposed to grow significantly over last year, Treasury was challenged to stretch its existing dollars and make key capital investments for future productivity.

A key aspect of our budget is the inclusion of performance goals that are derived from our strategic plan. This is the third year that we have included them. Our FY 1999 Budget and Performance Plan contains performance targets for each of Treasury's primary missions which define the degree of improvement that is expected from the resources requested. The Performance Plan section of this overall Budget-in-Brief package sets out Treasury's strategic objectives and performance plan. It has important details that discuss further the expected performance results of the resources requested for FY 1999, as well as reports on FY 1997 and FY 1998.

Treasury built its request of \$12.158 billion and 145,673 full-time equivalent (FTE) staff years upon three funding priorities to:

- ! **Ensure the quality of current operations** by fully supporting the mandatory cost increases and meeting anticipated FY 1999 workload requirements;
- ! **Invest in critical capital improvements** needed to realize future efficiencies and program improvements, and address workload growth; and
- ! **Improve performance and meet new challenges** by investing in program enhancements.

Above the \$12.158 billion amount, Treasury is also requesting additional funding for the Internal Revenue Service (IRS) *Earned Income Tax Credit (EITC) program (\$143 million), which is outside the discretionary spending caps. This amount is consistent with the Balanced Budget Act of 1997.*

ENSURE THE QUALITY OF CURRENT OPERATIONS

Department-wide, Treasury managed to accommodate mandatory costs and critical administrative support increases within overall funding levels approved in the FY 1998 appropriation act. Each year, pay raises, inflation, rent increases and other mandatory costs must be factored into the baseline to maintain current operating levels. *No bureau can take reductions below this baseline without significantly compromising the quality of its essential missions.* For FY 1999, in addition to accounting for these costs, we also funded four other baseline investments required to maintain current operating levels. These includes: **(1)** the full year cost of new programs enacted in prior years; **(2)** essential equipment needs; **(3)** on-going programs previously supported by other funding provisions; and **(4)** mandatory workload increases.

In FY 1999, Treasury is requesting sufficient funding for the full year cost of programs and staffing initiated in FY 1998 such as the White House Security program and the Federal Law Enforcement Training Center (FLETC) International Law Enforcement Academies. The first year of these initiatives was funded at a partial year level, since it takes time to hire staff and begin implementation.

Treasury is requesting critical equipment upgrades in its law enforcement bureaus to replace aging vehicles and upgrade radio communication systems to accommodate the narrowing of the radio spectrum available for law enforcement use. In addition, the request continues the current operating level of the Youth Crime Gun Interdiction Initiative previously funded from the Treasury Forfeiture Fund.

The budget also includes mandatory workload increases for the campaign nominee program for the next presidential election, land border passenger processing to cover new border crossing and statutorily mandated levels of service, and FLETC's FY 1999 projected training needs (especially for the U.S. Border Patrol). Treasury also requests sufficient funding to support the Secretary in developing and carrying out domestic and international financial services, law enforcement, tax, economic and management policies.

In addition, Treasury continues funding within its base level to ensure the timely completion of the Year 2000 date change for all critical systems. Treasury has some of the most critical systems within the Federal Government, including those that handle all Federal payments, collect over 95 percent of all receipts and tax revenues, secure our Nation's money system, and protect the Nation's borders.

INVEST IN CRITICAL CAPITAL IMPROVEMENTS

Future budgets are not likely to be as generous in allowing Treasury to meet workload growth with increased staff and resources. For this reason, it is important that the Department make critical investments today that will allow Treasury to serve its customers better and more efficiently tomorrow.

In FY 1999, IRS begins the second year of its modernization effort, according to the blueprint and schedules set out by the IRS Chief Information Officer and approved by the Congress and the Office of Management and Budget (OMB). The FY 1999 budget request covers equipment and contract costs for system development and replacement by continuing the stable funding approach established in FY 1998 using the Information Technology Investment account. Funding is also requested for Business Line Investments which provide critical upgrades to current operating systems.

The U.S. Customs Service budget includes resources that will enable port personnel to respond to the growing sophistication of evasion methods used by smuggling organizations. Customs will be able to increase its reliance on technological advances in a greater variety of automated targeting and non-intrusive inspection systems, thereby addressing the smugglers' preference for deep concealment in the growing number of cargo entries (seagoing containers, conveyances, and rail cars).

The U.S. Secret Service will invest in technology and equipment to support the Presidential Candidate Protection Program. FY 1999 is a preparation year for the 2000 Presidential Campaign and funds are requested for additional computer and protective equipment.

ATF requests funding for relocation of the headquarters to a secure site. Over the long term, this facility will reduce rental costs by consolidating several locations. It will also reduce risks to ATF employees by placing an organization that is a potential target of terrorism in a more secure location.

Funds are also requested to continue the dormitory, classroom, and equipment upgrades according to the FLETC Master Plan. This is part of the ongoing effort to expand and modernize training facilities to meet future training requirements of the Federal law enforcement community.

Key investments are requested for repairs and renovations to the historic Treasury building as part of a five-year plan to ensure the safety and stewardship of an important national landmark. Treasury expects the FY 1999 requested level will be the highest annual level required by the Department during the restoration period.

In each case, these investments have been developed in accordance with the criteria laid out by OMB, consistent with the Clinger-Cohen Act of 1996. For specific details, please refer to the individual bureau highlight sections.

IMPROVE PERFORMANCE AND MEET NEW CHALLENGES

Treasury requests additional funding for program initiatives that accomplish the two key objectives of improving performance and meeting new program challenges. These initiatives are closely linked to our capital investments by 1) implementing the organizational changes needed to improve operations that make modernization more meaningful; and 2) providing the staffing necessary to satisfy demands for improved services.

In the law enforcement area, Treasury requests: 1) additional Customs personnel to enhance the investigation and interdiction of inbound illegal narcotics and outbound smuggled currency, in conjunction with the capital improvements in non-intrusive inspection technology; 2) enhancements to permanent protection for the President and protective intelligence support; and 3) expansion of the ATF Youth Crime Gun Interdiction Initiative to increase coordinators working with State and local law enforcement officials to reduce gun violence among youths. Each of these initiatives is designed to meet the increased scope and complexity of the demands for our law enforcement presence.

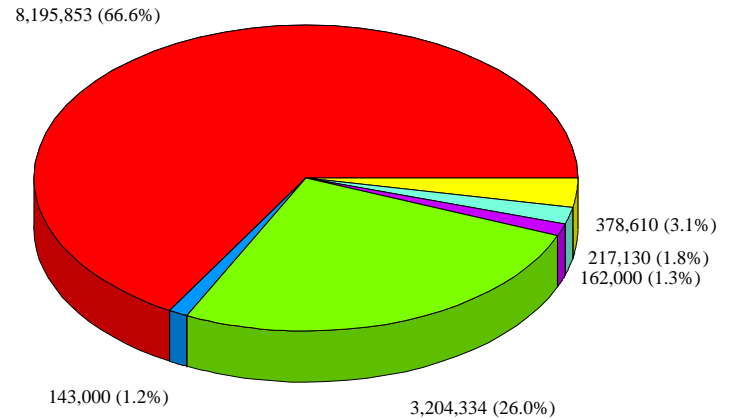
IRS is continuing its program improvement process begun in 1997 with the recommendations of the National Performance Review. Additional funding is requested to address important customer service improvements including increasing and improving the quality of telephone access, rewriting of notices and forms, expanding the taxpayer advocate staff, and implementing the Citizen Advisory Panels. Significant improvement has already been made in these areas and the FY 1999 budget expands on these efforts. Funds proposed for modernizing the organization support fundamental changes in the way IRS does business, placing the emphasis on customer service and improved technology.

Treasury is also requesting additional resources for key initiatives that strengthen our Nation's economy--especially in remote rural and disadvantaged urban areas. These two efforts are: 1) the Community Development Financial Institutions Fund (CDFI) which provides needed investment capital to distressed urban and rural communities; and 2) the Community Adjustment and Investment Program (CAIP), a new program that provides investment capital to areas adversely affected by the implementation of NAFTA and related agreements.

Details on each of these initiatives are available in the individual bureau highlight sections and the supplemental sections.

**DEPARTMENT OF THE TREASURY
COMPARISON OF APPROPRIATIONS AND
ESTIMATES FOR TREASURY BUREAUS**

(Dollars in Thousands)

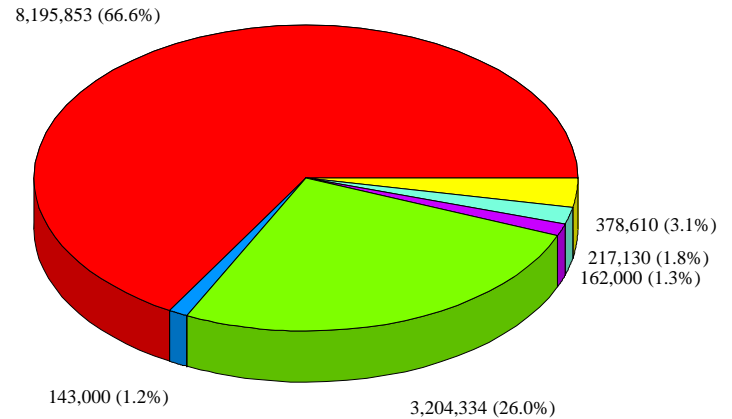


■ IRS	■ EITC	■ Law Enforcement
■ Financial	■ Management	■ Fiscal Services

	FY 1997	FY 1998	FY 1999
	Enacted	Enacted	Request
APPROPRIATED ACCOUNTS			
DEPARTMENTAL OFFICES:			
Salaries and Expenses.....	130,348	115,555	123,846
VCRTF (Included in S&E).....	[18,300]	---	---
Treasury Building[s] and Annex Repair and Restoration.....	28,213	10,484	27,000
Counterterrorism Fund.....	15,000	---	---
Private Debt Collection Pilot.....	13,000	---	---
Office of Professional Responsibility.....	1,500	1,250	1,654
Treasury Forfeiture Fund.....	10,000	---	---
Subtotal, DO.....	198,061	127,289	152,500
TREASURY-WIDE AUTOMATION ENHANCEMENT	27,100	25,889	33,952
OFFICE OF INSPECTOR GENERAL.....	29,770	29,719	30,678
FINANCIAL CRIMES ENFORCEMENT NETWORK.....	23,387	23,835	25,000
VCRTF (Included in S&E).....	[1,000]	[1,000]	[1,000]
HIDTA (non-add).....	[105]	---	---
FEDERAL LAW ENFORCEMENT TRAINING CENTER:			
Salaries and Expenses.....	56,185	65,663	71,923
VCRTF (Included in S&E).....	---	[1,000]	---
Acquisition, Constr., Improvements and Related Expenses.....	21,584	32,548	28,360
Subtotal, FLETC.....	77,769	98,211	100,283
FINANCIAL MANAGEMENT SERVICE.....	196,518	202,490	202,510
ALCOHOL, TOBACCO AND FIREARMS:			
Salaries and Expenses.....	504,989	508,372	554,324
VCRTF (Included in S&E).....	[44,595]	[29,421]	[10,000]
HIDTA (non-add).....	[1,480]	---	---
Acquisition, Constr., Improvements and Related Expenses.....	6,978	55,022	32,000
Subtotal, ATF.....	511,967	563,394	586,324
U.S. CUSTOMS SERVICE:			
Salaries and Expenses	1,549,585	1,584,765	1,702,537
VCRTF (Included in S&E).....	---	[60,648]	[64,472]
HIDTA (non-add).....	[3,987]	---	---
Operations & Maint, Air & Marine Interdiction Programs.....	83,363	92,758	98,488
Harbor Maintenance Fee Collection.....	3,000	3,000	3,000
Customs Services at Small Airports 1/.....	2,406	2,406	---
Subtotal, CUSTOMS.....	1,638,354	1,682,929	1,804,025

**DEPARTMENT OF THE TREASURY
COMPARISON OF APPROPRIATIONS AND
ESTIMATES FOR TREASURY BUREAUS**

(Dollars in Thousands)



■ IRS	■ EITC	■ Law Enforcement
■ Financial	■ Management	■ Fiscal Services

	FY 1997	FY 1998	FY 1999
APPROPRIATED ACCOUNTS	Enacted	Enacted	Request
BUREAU OF THE PUBLIC DEBT	169,735	173,826	177,500
Maintenance Fee.....	(4,400)	(4,400)	(4,400)
Subtotal, PUBLIC DEBT.....	165,335	169,426	173,100
INTERNAL REVENUE SERVICE:			
Processing, Assistance, and Management.....	1,790,328	2,925,874	3,162,430
Tax Law Enforcement.....	4,091,211	3,143,468	3,169,539
HIDTA (non-add).....	[924]	---	---
Information Systems.....	1,323,075	1,272,487	1,540,884
Information Technology Investments.....	---	325,000	323,000
Subtotal, IRS.....	7,204,614	7,666,829	8,195,853
U.S. SECRET SERVICE:			
Salaries and Expenses.....	551,288	580,681	606,357
VCRTF (Included in S&E).....	[20,000]	[15,731]	[11,700]
HIDTA (non-add).....	[194]	---	---
Acquisition, Constr., Improvements and Related Expenses.....	37,365	8,799	6,445
Subtotal, USSS.....	588,653	589,480	612,802
INTERAGENCY CRIME AND DRUG ENFORCEMENT	---	73,794	75,900
VCRTF (Included in S&E).....	---	---	[45,000]
COMMUNITY DEVELOPMENT FINANCIAL INST. FUND	50,000	80,000	125,000
COMMUNITY ADJUSTMENT AND INVESTMENT PROGRAM	---	---	37,000
JOINT FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM	---	---	3,000
TOTAL, TREASURY DISCRETIONARY LEVEL	10,711,528	11,333,285	12,157,927
EARNED INCOME TAX CREDIT COMPLIANCE (EITC) (Outside Caps) ...	---	138,000	143,000
TOTAL, TREASURY PROGRAM LEVEL	10,711,528	11,471,285	12,300,927
VCRTF (Included in Program Level).....	[83,895]	[107,800]	[132,172]
HIDTA (non-add) 2/.....	[6,767]	---	---

1/ Annual appropriation action for Customs Services at Small Airports will no longer be required. FY 1998 appropriation action conformed the account to funding provisions in the authorizing legislation.

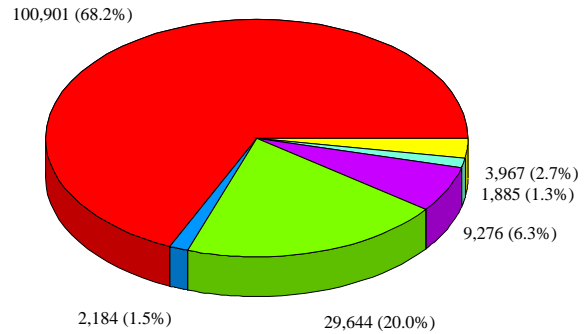
2/ FY 1998 Transfer of HIDTA funds has not been finalized.

FY 1999 Total FTE Staffing - 147,857

DEPARTMENT OF THE TREASURY

**FISCAL YEAR COMPARISON OF
TOTAL FULL-TIME EQUIVALENT (FTE) STAFFING**

(DIRECT AND REIMBURSABLE)



■ IRS
 ■ EITC
 ■ Law Enforcement
 ■ Financial and Currency
 ■ Management
 ■ Fiscal Services

	FY 1997 Actual			FY 1998 Enacted			FY 1999 Request		
	Direct	Reimb.	Total	Direct	Reimb.	Total	Direct	Reimb.	Total
APPROPRIATED ACCOUNTS									
DEPARTMENTAL OFFICES.....	924	368	1,292	997	417	1,414	1,030	426	1,456
ENERGY SECURITY RESERVE.....	1	---	1	---	---	---	---	---	---
TREASURY FRANCHISE FUND.....	---	84	84	---	105	105	---	118	118
OFFICE OF PROFESSIONAL RESPONSIBILITY.....	---	---	---	13	---	13	13	---	13
OFFICE OF INSPECTOR GENERAL.....	275	5	280	292	6	298	292	6	298
FINANCIAL CRIMES ENFORCEMENT NETWORK.....	164	---	164	181	4	185	181	4	185
FEDERAL LAW ENFORCEMENT TRAINING CENTER.....	460	24	484	526	40	566	553	40	593
FINANCIAL MANAGEMENT SERVICE.....	2,033	33	2,066	2,060	97	2,157	2,006	134	2,140
ALCOHOL, TOBACCO & FIREARMS.....	3,818	107	3,925	3,934	138	4,072	4,038	115	4,153
ENGRAVING AND PRINTING.....	---	2,739	2,739	---	2,739	2,739	---	2,714	2,714
U.S. MINT.....	---	2,073	2,073	---	2,280	2,280	---	2,277	2,277
U.S. CUSTOMS SERVICE:									
Salaries and Expenses.....	16,722	2,247	18,969	16,655	2,630	19,285	16,766	2,855	19,621
Customs Services at Small Airports.....	30	---	30	50	---	50	---	50	50
Subtotal, CUSTOMS.....	16,752	2,247	18,999	16,705	2,630	19,335	16,766	2,905	19,671
BUREAU OF THE PUBLIC DEBT.....	1,680	7	1,687	1,805	17	1,822	1,805	17	1,822
INTERNAL REVENUE SERVICE:									
Processing, Assistance and Management.....	31,280	524	31,804	45,195	603	45,798	46,206	623	46,829
Tax Law Enforcement.....	62,918	440	63,358	46,073	391	46,464	46,130	403	46,533
Information Systems.....	7,505	40	7,545	7,329	45	7,374	7,493	46	7,539
	101,703	1,004	102,707	98,597	1,039	99,636	99,829	1,072	100,901
U.S. SECRET SERVICE.....	4,683	---	4,683	5,000	---	5,000	5,042	---	5,042
JOINT FIN. MANAGEMENT IMPROVEMENT PROG.....	---	---	---	---	---	---	5	---	5
SUBTOTAL, TREASURY PROGRAM LEVEL.....	132,493	8,691	141,184	130,110	9,512	139,622	131,560	9,828	141,388
OTHER ACCOUNTS									
COMPT. OF THE CURRENCY.....	---	2,948	2,948	---	2,975	2,975	---	2,975	2,975
OFFICE OF THRIFT SUPERVISION.....	---	1,335	1,335	---	1,300	1,300	---	1,275	1,275
COMMUNITY DEVELOPMENT FIN. INSTITUTIONS FUND.....	14	---	14	35	---	35	35	---	35
EARNED INCOME TAX CREDIT (Outside Caps).....	---	---	---	1,954	---	1,954	2,184	---	2,184
SUBTOTAL, OTHER ACCOUNTS.....	14	4,283	4,297	1,989	4,275	6,264	2,219	4,250	6,469
TOTAL, TREASURY PROGRAM LEVEL.....	132,507	12,974	145,481	132,099	13,787	145,886	133,779	14,078	147,857
VCRTF (Included Above).....	75	---	75	214	---	214	28	---	28

Department of the Treasury Summary of Budget Proposals

(dollars in thousands)

NOT IN PRIORITY ORDER

		Request	Direct FTE	Reimb. FTE	Total
FY 1998 Appropriation		\$11,329,284	133,243	13,581	146,824
➔ ICASS (Current Year Transfer from Commerce-Justice-State Approp. Bill)		4,001	---	---	---
➔ Proposed Reprogramming Changes		---	(3,098)	206	(2,892)
FY 1998 Level, Adjusted		\$11,333,285	130,145	13,787	143,932
➔ Maintaining Current Levels					
	Mandatory Cost Increases	359,772	---	---	---
	Initiative Annualizations	27,704	53	(23)	30
	Mandatory Workload Increase	20,658	123	22	145
	Adjustments to Maintain Operations	33,314	2	258	260
➔ One Time Costs/Savings					
	IRS 1998 Information Technology Investment	(325,000)	---	---	---
	Other Non-Recurs/Savings	(151,769)	(147)	(3)	(150)
FY 1999 Current Services		\$11,297,964	130,176	14,041	144,217
➔ DO	Organizational/Management Reviews	375	---	---	---
	Strategic Operations Center	782	---	---	---
➔ T-BARR	Treasury Building[s] & Annex Repairs & Restorations	16,516	---	---	---
➔ Automation Enhanc'mt	Departmental Office's Year 2000 Conversion	1,327	---	---	---
	Human Resources Re-engineering and Modernization Effort	5,801	---	---	---
	Treasury Information Technology Management	1,135	---	---	---
	Improve Government Business Practices	3,500	---	---	---
➔ FinCEN	Enhanced Money Laundering Focus	1,000	---	---	---
➔ FLETC	International Law Enforcement Academies (ILEA)	1,500	5	---	5
	Master Plan: FTE	1,400	12	---	12
	Master Plan: Classrooms	6,000	---	---	---
	Master Plan: Dormitory	7,000	---	---	---
➔ ATF	Headquarters Relocation	32,000	---	---	---
	Youth Crime Gun Interdiction Initiative	16,000	81	---	81
	Achilles Program/Violent Crime Coordinators	2,000	15	---	15
	Reduction in CEASEFIRE and Canine Programs	(3,213)	---	---	---
➔ Customs	Non-Intrusive Inspection and Automated Targeting Systems	54,000	---	---	---
	Narcotics and Money Laundering Strategy	5,000	27	---	27
	International Child Labor Initiative	3,000	4	---	4
	Integrity Assurance	6,000	---	---	---
➔ IRS	Customer Service (NPR)	103,000	1,024	---	1,024
	Organizational Modernization	25,000	---	---	---
	Information Systems: Operational Systems	32,900	---	---	---
	Information Systems: Modernization Program Infrastructure	68,700	138	---	138
	Business Line Investments	125,000	130	---	130
	Technology Investments	323,000	---	---	---
	Program Reduction to Absorb Mandatory Cost Increases	(52,157)	---	---	---
➔ Secret Service	Permanent Protection	5,049	25	---	25
	Protective Intelligence	1,924	10	---	10
➔ CDFI	Community Development Financial Institutions Fund	45,000	---	---	---
➔ CAIP	Community Adjustment and Investment Program	37,000	---	---	---
➔ JFMIP	Joint Financial Management Improvement Program	3,000	5	---	5
FY 1999 Operational Requirements		\$12,176,503	131,652	14,041	145,693
➔ Automation Enhanc'mt	Conversion to Partial Support thru User Fees (Proposed Legis.)	(3,000)	---	---	---
➔ ATF	Conversion to Super Surplus Forfeiture Fund	(13,208)	(20)	---	(20)
➔ FMS	Conversion to Reimbursable FTE	(2,368)	(37)	37	---
FY 1999 Discretionary Request		\$12,157,927	131,595	14,078	145,673
➔ EITC	Earned Income Tax Credit Compliance (Outside Caps)	143,000	2,184	---	2,184
FY 1999 Treasury Program Level		\$12,300,927	133,779	14,078	147,857

Department of the Treasury
FY 1999 Budget Request Linked to Treasury Strategic Plan
(dollars in thousands)

Mission/Goal/Objective/Bureau	Initiatives	FY 1999 Request	
		\$	Dir FTE
Mission: Economic			
1. Goal: Promote Domestic Economic Growth			
Promote fair and efficient delivery of credit and other financial services and help bring residents of distressed communities into the mainstream			
	CDFI Community Development Financial Institutions Fund	45,000	---
	CAIP Community Adjustment and Investment Program	37,000	---
Improve and Modernize the U.S. Financial System			
	DO Strategic Operations Center	782	---
2. Goal: Maintain U.S. Leadership on Global Economic Issues			
Monitor the global economy and promote international economic growth through cooperation on economic policy			
	Automation Improve Government Business Practices (Foreign Credit Reporting System)	1,000	---
Facilitate legitimate trade, enhance access to foreign markets and enforce trade agreements			
	Customs International Child Labor Initiative	3,000	4
	Subtotal, Economic	\$86,782	4
Mission: Financial			
1. Goal: Collect Revenue Due to the Federal Government			
Modernize IRS information technology to increase timeliness and accuracy of processing			
	IRS Information Systems: Operational Systems	32,900	---
	IRS Information Systems: Modernization Program Infrastructure	68,700	138
	IRS Technology Investments	323,000	---
2. Goal: Manage the Federal Government's Accounts			
Strengthen the government's financial infrastructure to improve the efficiency of program management across gov't			
	JFMIP Joint Financial Management Improvement Program Technical Assistance	3,000	5
	Subtotal, Financial	\$427,600	143
Mission: Law Enforcement			
1. Goal: Combat Financial Crimes and Money Laundering			
Strengthen the capability to fight money laundering			
	FinCen Enhanced Money Laundering Focus	1,000	---
2. Goal: Reduce the Trafficking, Smuggling, and Use of Illicit Drugs			
Strengthen the capability to interdict illegal drugs			
	Customs Narcotics and Money Laundering Strategy	5,000	27
Disrupt and dismantle drug smuggling organizations			
	Customs Non-Intrusive Inspection and Automated Targeting Systems	54,000	---
	Customs Integrity Assurance	6,000	---

Department of the Treasury
FY 1999 Budget Request Linked to Treasury Strategic Plan
(dollars in thousands)

Mission/Goal/Objective/Bureau		FY 1999 Request	
		\$	Dir FTE
3. Goal: Fight Violent Crime			
<i>Deny criminals access to firearms and reduce the risk of violent crime</i>			
ATF	Youth Crime Gun Interdiction Initiative	16,000	81
ATF	Achilles Program/Violent Crime Coordinators	2,000	15
<i>Safeguard the public from arson and explosive incidents</i>			
ATF	Headquarters Relocation	32,000	---
<i>Strengthen the capability to fight terrorist threats to the U.S.</i>			
4. Goal: Protect our Nation's Leaders and Visiting World Leaders			
<i>Proactively manage the changing nature of threats by developing, acquiring, and deploying countermeasures</i>			
USSS	Permanent Protection	5,049	25
USSS	Protective Intelligence	1,924	10
5. Goal: Provide High Quality Training for Law Enforcement Personnel			
<i>Enhance basic and in-service training programs to meet changing needs and increasing demands</i>			
FLETC	International Law Enforcement Academies (ILEA)	1,500	5
<i>Develop and operate state-of-the-art facilities and systems for training</i>			
FLETC	Master Plan FTE	1,400	12
FLETC	Master Plan: Classrooms	6,000	---
FLETC	Master Plan: Dormitory	7,000	---
Subtotal, Law Enforcement		\$138,873	175
Mission: Management			
1. Goal: Improve Management Operations			
<i>Improve capacity to recruit, develop, and retain high caliber employees</i>			
T-BARR	Treasury Building[s] Repairs and Restoration*	16,516	---
<i>Strengthen Treasury's ability to ensure proper and effective oversight of bureau operations</i>			
DO	Organizational/Management Reviews	375	---
<i>Make wise information technology investments and ensure year 2000 compliance</i>			
IRS	Business Line Investments	125,000	130
Automation	Departmental Office's Year 2000 Conversion	1,327	---
Automation	Treasury Information Technology Management	1,135	---
2. Goal: Improve Program Performance			
<i>Improve customer service</i>			
IRS	Customer Service (NPR)	103,000	1,024
<i>Continue to reinvent and modernize operations to achieve efficiencies</i>			
IRS	Organizational Modernization	25,000	---
IRS	Program Reduction to absorb mandatory cost increases	(52,157)	---
ATF	Reduction in CEASEFIRE and Canine Programs	(3,213)	---
Automation	Improve Government Business Practices	2,500	---
Automation	Human Resources Re-engineering and Modernization	5,801	---
Subtotal, Management		\$225,284	1,154
Current Services		11,297,964	144,217
Total, Operational Requirements		\$12,176,503	145,693
Reductions Replaced by Reimbursements		(18,576)	(20)
Total, Discretionary Request		\$12,157,927	145,673
Earned Income Tax Credit Compliance(Outside Caps)		143,000	2,184
Total, Program Level		\$12,300,927	147,857

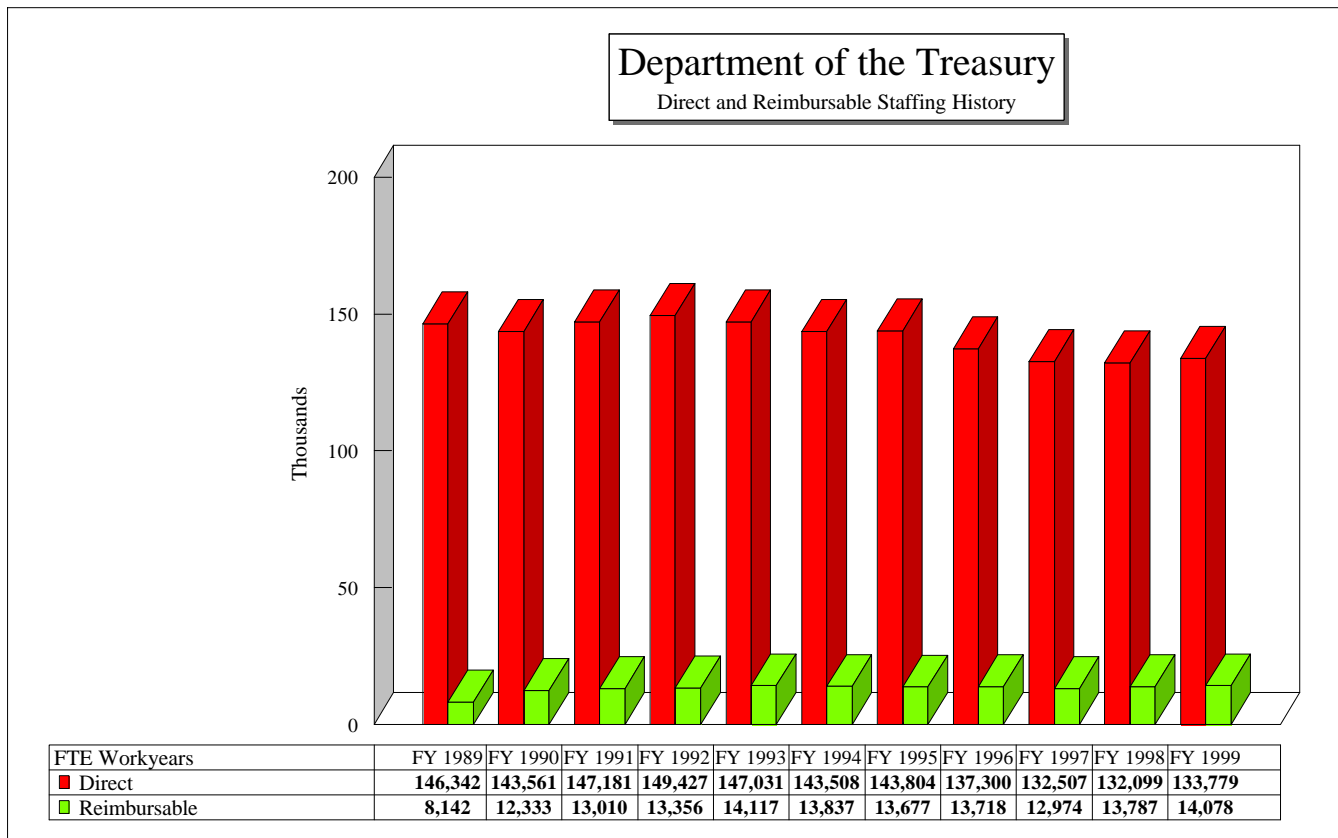
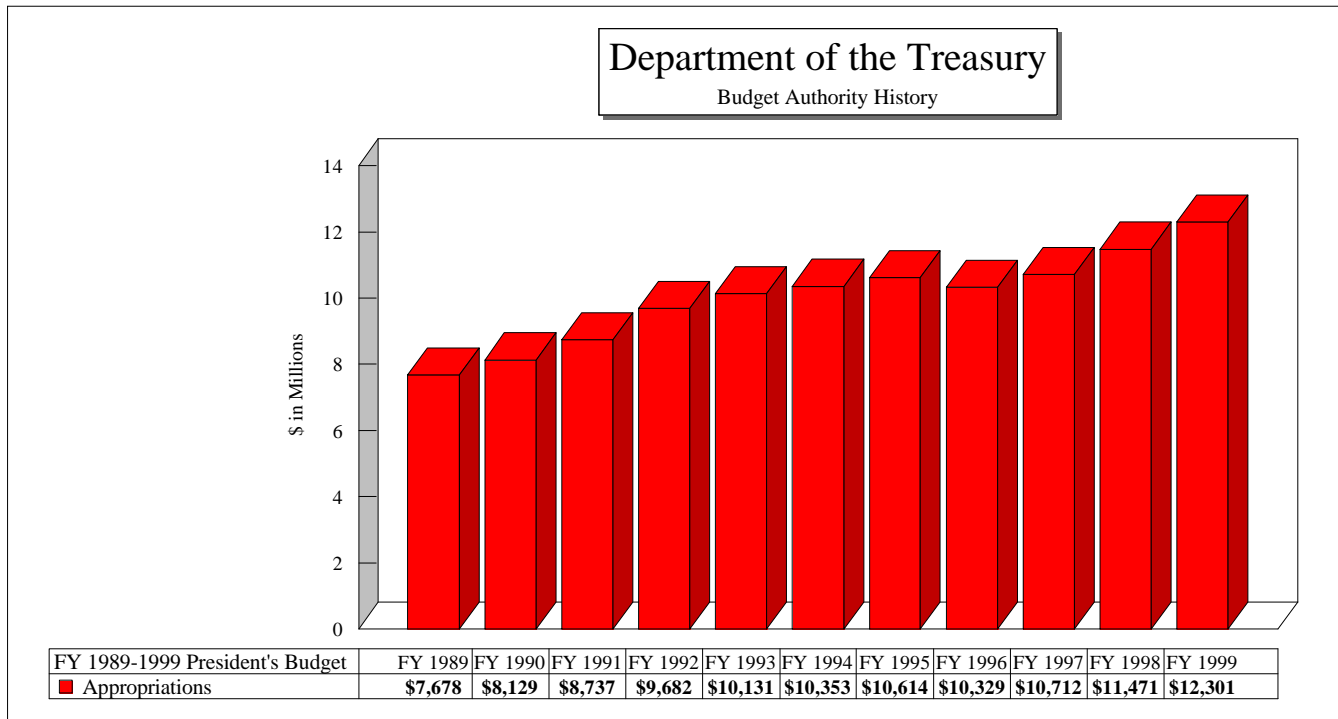
* Represents capital investments to renovate historic Treasury Buildings

**DEPARTMENT OF THE TREASURY FY 1997 - FY 2002 STRATEGIC PLAN
SUMMARY TABLE OF MISSION, GOALS AND OBJECTIVES**

ECONOMIC: PROMOTE PROSPEROUS AND STABLE AMERICAN AND WORLD ECONOMIES	FINANCIAL: MANAGE THE GOVERNMENT'S FINANCES	LAW ENFORCEMENT: PROTECT OUR FINANCIAL SYSTEMS AND OUR NATION'S LEADERS, AND FOSTER A SAFE AND DRUG FREE	MANAGEMENT: CONTINUE TO BUILD A STRONG INSTITUTION
<p>GOAL: PROMOTE DOMESTIC ECONOMIC GROWTH</p> <ul style="list-style-type: none"> • Balance the budget by 2002 • Promote long-term entitlement reform • Improve retirement security and increase savings • Promote fair and efficient delivery of credit and other financial services and help bring residents of distressed communities into the economic mainstream • Improve and modernize the U.S. financial system • Promote the integrity and efficiency of the Nation's financial markets • Provide an economic and government financial policy perspective on all relevant Administration issues <p>GOAL: MAINTAIN U.S. LEADERSHIP ON GLOBAL ECONOMIC ISSUES</p> <ul style="list-style-type: none"> • Promote the implementation of sound economic policies in developing and emerging market economies • Strengthen international financial institutions and support their efforts to promote sustainable economic growth, development, and financial stability • Monitor the global economy and promote international economic growth through cooperation on economic policy • Facilitate legitimate trade, enhance access to foreign markets and enforce trade agreements • Help strengthen the stability and efficiency of global capital markets and promote a sound global policy framework for international investment • Pursue exchange rate policies to promote world economic growth and financial stability 	<p>GOAL: COLLECT REVENUE DUE TO THE FEDERAL GOVERNMENT</p> <ul style="list-style-type: none"> • Improve and simplify tax laws and administrative guidance, consistent with other important tax policy goals • Increase compliance with tax and trade laws • Modernize Internal Revenue Service information technology to increase timeliness and accuracy of processing • Improve Federal non-tax debt collections • Assist and provide financial guidance to other Federal agencies on privatizing assets and operations in a manner that protects the interest of taxpayers <p>GOAL: MANAGE THE FEDERAL GOVERNMENT'S ACCOUNTS</p> <ul style="list-style-type: none"> • Ensure all Federal payments are accurate and timely • Ensure that the government's cash management minimizes risk and provides immediate flow and balance information • Provide accurate and timely financial information and support the government-wide implementation of accounting standards • Strengthen the government's financial infrastructure to improve the efficiency of program management across government <p>GOAL: COST-EFFECTIVELY FINANCE THE FEDERAL GOVERNMENT'S OPERATIONS</p> <ul style="list-style-type: none"> • Finance the Federal government in the most cost-effective manner over the long-term <p>GOAL: IMPROVE THE EFFICIENCY OF PRODUCTION OPERATIONS AND MAINTAIN THE INTEGRITY OF U.S. LEGAL TENDER</p> <ul style="list-style-type: none"> • Increase the productivity and efficiency of coin and currency manufacturing • Continue to explore mechanisms for maintaining the integrity of U.S. coin and currency 	<p>GOAL: COMBAT FINANCIAL CRIMES AND MONEY LAUNDERING</p> <ul style="list-style-type: none"> • Strengthen the capability to fight money laundering • Strengthen the capability to fight counterfeiting and other criminal threats to our financial system <p>GOAL: REDUCE THE TRAFFICKING, SMUGGLING AND USE OF ILLICIT DRUGS</p> <ul style="list-style-type: none"> • Strengthen the capability to interdict illegal drugs • Disrupt and dismantle drug smuggling organizations <p>GOAL: FIGHT VIOLENT CRIME</p> <ul style="list-style-type: none"> • Deny criminals access to firearms and reduce the risk of violent crime in our communities • Safeguard the public from arson and explosive incidents • Strengthen the capability to fight terrorist threats to the U.S. <p>GOAL: PROTECT OUR NATION'S LEADERS AND VISITING WORLD LEADERS</p> <ul style="list-style-type: none"> • Proactively manage the changing nature of threats by developing, acquiring and deploying countermeasures • Develop a formal risk assessment-based decision making process to enhance protective capabilities <p>GOAL: PROVIDE HIGH QUALITY TRAINING FOR LAW ENFORCEMENT PERSONNEL</p> <ul style="list-style-type: none"> • Enhance basic and in-service training programs to meet changing needs and increasing demands • Develop and operate state-of-the-art facilities and systems for training 	<p>GOAL: IMPROVE MANAGEMENT OPERATIONS</p> <ul style="list-style-type: none"> • Improve capacity to recruit, develop, and retain high caliber employees • Strengthen Treasury's ability to ensure proper and effective oversight of bureau operations • Ensure strong financial management of Treasury accounts • Make wise information technology investments and ensure year 2000 compliance • Procure quality goods and services at a fair and reasonable price and in a timely manner • Expand equal employment opportunities and minority programs <p>GOAL: IMPROVE PROGRAM PERFORMANCE</p> <ul style="list-style-type: none"> • Improve customer service • Foster partnerships with customers and stakeholders to achieve objectives • Continue to reinvent and modernize operations to achieve efficiencies

FY 1989-FY 1999

BUDGET AUTHORITY/FTE STAFFING HISTORY



BUREAU PROGRAM DESCRIPTIONS

Departmental Offices
Treasury Forfeiture Fund
Office of Inspector General
Financial Crimes Enforcement Network
Federal Law Enforcement Training Center
Financial Management Service
Bureau of Alcohol, Tobacco and Firearms
Bureau of Engraving and Printing
U.S. Mint Public Enterprise Fund
U.S. Customs Service
Bureau of Public Debt
Internal Revenue Service
U.S. Secret Service
Interagency Crime and Drug Enforcement
Community Development Financial Institutions Fund
Community Adjustment and Investment Program
Joint Financial Management Improvement Program
Earned Income Tax Credit Compliance Initiative

Departmental Offices

<i>Program Summary (dollars in millions)</i>					
Appropriation Title	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses	130.3	115.6	123.8	8.2	7.1%
<i>Violent Crime Reduction Trust Fund (Incl.)</i>	<i>[18.3]</i>	---	---	---	---
Office of Professional Responsibility	1.5	1.3	1.7	0.4	6.7%
Treasury Buildings and Annex Repair and Restoration	28.2	10.5	27.0	16.5	157.1%
Bureau Total	160.0	127.4	152.5	25.1	19.7%

Note:

- Violent Crime Reduction Trust Fund amounts are included in the Salaries and Expenses Appropriation for all fiscal years, and are separately displayed in this table for information purposes only.

Explanation of FY 1999 Request

The Departmental Offices (DO) budget request continues funding to permit a proactive approach to the development of policy affecting the Nation's economics, financial, enforcement, and tax matters. This level will also provide the flexibility needed to meet Treasury's growing demands in areas such as emerging global financial issues, implementation of the Debt Collection Improvement Act, expanded oversight of major law enforcement operations, increased activities involving the Office of Foreign Asset Control, and increased workload due to changes in tax laws and enactment of the Taxpayer Bill of Rights.

The FY 1999 request also supports continuation of the repair and restoration of the Treasury buildings. Assessments of the overall condition of the main Treasury building, completed in conjunction with the fire, necessitated a more comprehensive approach to renovation and modernization of this historic building. Additional funds have been requested due to this increased scope. The FY 1999 request is part of a five-year plan to ensure the safety and stewardship of this important national landmark.

Purpose of Program

This appropriation supports the activities of the Secretary and his staff in the formulation and oversight of the implementation and management of domestic and international financial services, tax, economic, enforcement, and management policies of the Department of the Treasury.

Program Description and Benefits

Activities of the Departmental Offices' funded by this appropriation include:

- ☐ **Fiscal and financial policy:** Oversight associated with domestic finance, banking and financial institutions, privatization of government assets, financing the public debt, daily cash operational needs, and implementation of the Debt Collection Improvement Act;

Departmental Offices

- ☐ **Tax policy:** Development and implementation of tax policies and programs; providing official estimates of all governmental receipts; reviewing regulations and rulings to administer the Internal Revenue Code, negotiating tax treaties for the United States; and providing economic and legal policy analysis;
- ☐ **Economic policy:** monitoring current and prospective macro and micro-economic developments; collecting and analyzing international financial data to include foreign credits and credit guarantees; and participating in interagency groups to maintain consistent government-wide economic programs;
- ☐ **Enforcement policy:** oversee the policies and operations of Treasury law enforcement bureaus to combat money laundering and other financial crime, interdict illegal drugs, enforce trade laws, implement the Nation's economic sanctions policies through the Office of Foreign Asset Control, reduce violent crime, protect national leaders, and provide quality training for enforcement personnel.
- ☐ **International affairs policy:** execution of U.S. international financial policies; analysis of international trade and investment functions; and general economic research of international financial issues; and
- ☐ **Treasury-wide management policy:** implementation of the functions of the Chief Financial Officer (CFO), the Government Performance and Results Act (GPRA), and the Information Technology Management Reform Act which includes efficient and effective use of the Treasury's resources.

Program Performance

- ☐ Maintain an up-to-date appraisal of the economy and the significance of economic and monetary events;
- ☐ Ensure clarity and consistency of tax policies and to protect taxpayer interests through sound financial policies;
- ☐ Continue to promote the safety and sound management of financial institutions and government sponsored enterprises;
- ☐ Ensure cost effective borrowing options to include new federal financing tools such as the inflation-protection securities;
- ☐ Provide oversight of Treasury law enforcement operations and activities to ensure effective, safe, and proactive response to violation of Federal and International laws;
- ☐ Reduce the inventory of financial transfer applications and civil monetary penalty cases in inventory with the Office of Foreign Assets Control; and
- ☐ Promote increased efficiency of Treasury information resource operations; ensure 100% compliance with the GPRA requirements; and promote compliance with financial management reporting under the CFO Act and the Federal Manager's Financial Integrity Act (FMFIA).

Treasury Forfeiture Fund

<i>Program Summary (dollars in millions)</i>					
Appropriation Title	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Increase or Decrease	
				\$millions	percent
Law Enforcement Support (Discretionary)	10.0	0.0	0.0	0.0	---

Explanation of FY 1999 Request

Congressional action eliminated the appropriated, discretionary funding authority for FY 1998. There is no request for discretionary funding authority for FY 1999 for the Treasury Forfeiture Fund (TFF). TFF will fully support its activities through the permanent, indefinite appropriation. The permanent indefinite appropriation covers all personnel and administrative expenses associated with the operations of the Fund.

Purpose of Program

The program consolidates all Treasury asset forfeiture under one fund which is used to pay or reimburse expenses of Treasury law enforcement bureaus related to seizures of property involved in criminal activity. The Fund uses the ill-gotten gains of criminals to cover the costs of the asset forfeiture activities of Treasury law enforcement bureaus. Residual amounts are made available to meet priority spending needs of law enforcement bureaus that engage in asset forfeiture.

Program Description and Benefits

The following are the categories of expenses authorized for mandatory funding under the Treasury Forfeiture Fund Act of 1992, 31 U.S.C. §9703(a)(1):

- ☐ Equitable sharing payments made to Federal, state and local law enforcement agencies and foreign countries;
- ☐ Contract services in support of asset seizure and forfeiture, the employment of outside contractors, and reimbursement of any Federal, State or local agency for seizure-related tasks;
- ☐ Awards of compensation to informants (moiety claims) under section 619 of the Tariff Act of 1930, as well as, purchase of evidence or information leading to a seizure;
- ☐ All proper expenses of seizure, including investigative costs leading to a seizure, or the costs of forfeiture and sale, such as expenses of detention, inventory, security, maintenance, advertisement, or disposal of property, and certain costs taxed by the court;
- ☐ Salaries of forfeiture program personnel and administrative costs of Fund operations;

Treasury Forfeiture Fund

- ☐ Overtime salaries, travel, fuel, training, equipment, and other similar costs of state and local enforcement officers that are incurred in joint operations with Treasury;
- ☐ Necessary and direct seizure and forfeiture expenses for automatic data processing systems, training, printing, as well as contracting for services related to identifying forfeitable assets, processing and accounting for forfeitures, and storing, maintaining, protecting, and destroying controlled substances.
- ☐ Contract services related to identifying assets, processing and accounting for forfeitures, and for storage, maintenance, protection, and destroying drugs;
- ☐ Satisfaction of valid liens and mortgages against forfeited property;
- ☐ Amounts authorized by law with respect to remission and mitigation expenses; and
- ☐ The services of experts and consultants needed to carry out duties related to seizure and forfeiture.

Program Performance

- ☐ Ensure revenues are maximized to cover the costs of seizure and forfeiture by measuring:
 - the days between the forfeiture of real property and the sale of the property
 - timely processing of administrative forfeiture cases
 - regular revenue versus mandatory operational costs
- ☐ Affirmatively influence the use of asset forfeiture by federal law enforcement to punish and deter criminal activity.
- ☐ Achieve a 6% increase in the timely processing of administrative forfeiture cases in FY 1999. Improved performance against this measurement indicates progress toward affirmatively influencing law enforcement to enforce due process rights of affected persons.
- ☐ Reduce the number of days required to process equitable sharing payments by 26 in FY 1999. This reduction from 256 days in FY 1998 to 230 days in FY 1999 affirmatively enhances the cooperation among foreign, Federal, State and local law enforcement agencies in the fight against crime.

Office of Inspector General

<i>Program Summary (dollars in millions)</i>					
Appropriation Title	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses	29.8	29.7	30.7	1.0	3.4%

Explanation of FY 1999 Request

The Office of Inspector General (OIG) budget request maintains a program level consistent with the current level of efforts to conduct and supervise Department-wide program and financial statement audits, evaluations, and investigative and oversight functions.

Purpose of Program

This appropriation is used to carry out the provisions of the Inspector General Act Amendments of 1988, the Chief Financial Officers Act of 1990, and the Government Management Reform Act of 1994, by independently conducting audits, investigations, and reviews on behalf of the Department of the Treasury and the Congress. This appropriation is also used to supervise audits, evaluations, and investigations, and provide oversight for the Offices of Inspection/Internal Affairs of the Internal Revenue Service and the Treasury Law Enforcement bureaus.

Program Description and Benefits

The Office of Inspector General responsibilities funded by this appropriation include:

- ☐ Performing financial statement audits and services to assess whether the agency's financial condition and results of operations are accurately and fairly presented and to assess the adequacy of accounting controls and compliance with laws and regulations;
- ☐ Performing program audits and reviewing all facets of agency operations to promote economy, efficiency and effectiveness;
- ☐ Performing contract audits and providing professional advice to agency contracting officials on accounting and financial matters relative to negotiation, award, administration, repricing, and settlement of contracts;
- ☐ Conducting, controlling, and overseeing investigations of alleged fraud and abuse relative to Treasury's employees, programs, and operations;
- ☐ Conducting oversight of the internal investigative programs of the Bureau of Alcohol, Tobacco, and Firearms, the United States Customs Service, and the United States Secret Service; and the internal audit and investigative programs of the Internal Revenue Service;

Office of Inspector General

- ☐ Participating in joint fraud detection and prevention surveys; and
- ☐ Reviewing program performance and issues critical to the mission of the Department of the Treasury.

Program Performance

- ☐ Increase capability to integrate information systems program reviews into on-going program and financial audits.
- ☐ Seventy percent of OIG's audit recommendations will be implemented within 12 months of acceptance by Departmental and bureau managers.
- ☐ Increase the scope of integrity and fraud awareness programs, and schedule at least 32 briefings for Treasury employees.
- ☐ Fifty percent of the Reports of Investigations (ROIs) will be completed within 12 months and 92% of ROIs will not require supplemental or follow-up work.
- ☐ Issue report on Department-wide financial statement within 60 days after receipt of required bureau and Departmental documentation.
- ☐ Eighty-two percent of oversight recommendations related to law enforcement activities will be implemented within 12 months of acceptance by Departmental and bureau managers.
- ☐ Achieve 95% acceptance by the Departmental and bureau managers on recommendations related to Information Technology oversight.

Financial Crimes Enforcement Network

<i>Program Summary (dollars in millions)</i>					
Appropriation Title	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses	23.4	23.8	25.0	1.2	5.0%
<i>Violent Crime Reduction Trust Fund (Incl)</i>	[1.0]	[1.0]	[1.0]	0.0	0.0%
Bureau Total	23.4	23.8	25.0	1.2	5.0%

Note:

- *Violent Crime Reduction Trust Fund amounts are included in the Salaries and Expenses Appropriation for all fiscal years, and are separately displayed in this table for information purposes only.*

Explanation of FY 1999 Request

The Financial Crimes Enforcement Network's (FinCEN) budget request furthers the momentum of its mission to strengthen domestic and international anti-money laundering efforts and to foster interagency and global cooperation through information collection, analysis and sharing, technological assistance, and innovative and cost-effective implementation of Treasury authorities.

To strengthen its mission, FinCEN's FY 1999 budget includes enhancements in three high priority areas:

- ☐ Suspicious Activity Reporting and Artificial Intelligence (AI);
- ☐ Gateway Program -- to encourage a broader and more efficient use of the program by Federal, State and local law enforcement; and
- ☐ Development of a viable model for measuring the magnitude of money laundering.

Purpose of Program

FinCEN sets, oversees, and implements policies to prevent and detect money laundering. It administers and enforces the Bank Secrecy Act (BSA) and is a central point for broad-based financial intelligence, analysis, and information sharing. This service is provided to Federal, State, local, and international law enforcement agencies to assist them in building investigations, preparing prosecutions, and developing and implementing strategies to combat money laundering.

As its name states, FinCEN is a network -- a link between law enforcement, financial and regulatory communities on the international, Federal, State and local level. Because the changing financial world creates vast opportunities for criminals to hide illicit proceeds, FinCEN works with its domestic and international partners to maximize the information sharing network and find new ways to create cost-effective and efficient measures to prevent and detect financial crime.

Financial Crimes Enforcement Network

Program Description and Benefits

FinCEN's responsibilities funded by this appropriation include:

- ☐ Providing a link between the law enforcement, the financial, and regulatory communities to combat money laundering;
- ☐ Encouraging and assisting international efforts to build effective counter-money laundering policies and cooperation around the world;
- ☐ Administering the Bank Secrecy Act; and
- ☐ Improving the understanding and application of state-of-the-art technologies on counter-money laundering efforts.

Program Performance

- ☐ Increase the number of queries using FinCEN's Gateway Platform by 2000.
- ☐ Reduce the reporting burden by banks resulting from eliminating or reformulating of unnecessarily burdensome information collection rules and compliance requirements by 5%.
- ☐ Increase the number of law enforcement and regulatory personnel provided a platform to do research by 20.
- ☐ Prepare FinCEN advisories and issue to banks, regulators, and law enforcement that focuses on money laundering and financial crime related issues.
- ☐ Provide enhancements to the Egmont web site that improve its usability and content.

Federal Law Enforcement Training Center

<i>Program Summary (dollars in millions)</i>					
Appropriation Title	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses	56.2	65.7	71.9	6.2	9.4%
<i>Violent Crime Reduction Trust Fund (Included)</i>	---	[1.0]	[0.0]	-1.0	-100.0%
Acquisition, Construction, Improvements	21.6	32.5	28.4	-4.1	-12.6%
Bureau Total	77.8	98.2	100.3	2.1	2.1%

Note:

- Violent Crime Reduction Trust Fund amounts are included in the Salaries and Expenses Appropriation for all fiscal years, and are separately displayed in this table for information purposes only.

Explanation of FY 1999 Request

The Federal Law Enforcement Training Center (FLETC) budget builds on prior year initiatives in the following areas: 1) continuing implementation of the Master Plan to ensure that demands for training can be met; 2) FTE to implement Master Plan projects; and 3) the International Law Enforcement Academies.

Of specific interest is funding for a dormitory and a classroom building that will ensure adequate facilities for the Immigration and Naturalization Service's (INS) Border Patrol training needs by mid-2000.

The necessary increases are provided to cover the costs of inflation for current operations and personnel levels.

Purpose of Programs

FLETC conducts the training for the vast majority of the Federal Government's law enforcement personnel. It represents a partnership of federal law enforcement agencies working together to ensure the highest quality training for law enforcement professionals in the most cost effective manner.

Program Description and Benefits

Some of the specific activities of FLETC include:

- ☐ **Provide high quality training for law enforcement:** FLETC has a permanent faculty of training instructors, experienced in the diverse responsibilities of federal law enforcement, as well as detailees from the agencies which FLETC trains. This strength manifests itself not only in quality classroom instruction, but also in a powerful program development potential that is possible only because of the unique synergism that a consolidated staff generates.

Federal Law Enforcement Training Center

- ☐ **Develop, operate and maintain state-of-the-art facilities and systems responsive to interagency training needs:** This is one of the original objectives of the consolidated training concept and a goal which continues to be vigorously pursued. State-of-the-art training facilities are expensive to develop and maintain. By themselves, none of the FLETC participating agencies could justify or afford the sophisticated facilities that now exist and are used by the 70 agencies. FLETC conducts law enforcement research and development; provides quality facilities, support services and technical assistance; and provides quality training to Federal, State, local, and international law enforcement students.

Joint, consolidated training results in cost avoidance and produces significant savings in many goods and services. A conservative total cost savings/avoidance associated with FLETC is estimated to be \$160 million annually.

- ☐ **Effectively organize, develop, and lead the FLETC's personnel in support of the Center's mission:** Periodic forums will be conducted in which personnel can provide input on any topic affecting the Center's operations.
- ☐ **Strengthen partnerships among participating agencies and FLETC:** While difficult to quantify, the resulting sense of a federal law enforcement "family" begins to mitigate traditional turf issues which would be heightened in a separated training environment. In addition, a multi-agency facility allows for sharing of law enforcement technology.

Program Performance

With resources requested in FY 1999, FLETC anticipates the following performance:

- ☐ **Student Quality of Training Survey:** Achieve a 5.0 rating out of 6.0 on the survey.
- ☐ **Student Quality of Service Survey:** Achieve a 4.0 rating out of 5.0 on the survey.
- ☐ **Student-Weeks Trained:** Conduct 100% of the actual basic training requested.
- ☐ **Personnel Forums:** Conduct four personnel input forums. These forums will ensure that lines of communications are kept open and that topics of concern to the employees are discussed.
- ☐ **Training Partnership Organization (TPO) Meetings Per Year:** Conduct ten TPO meetings that include FLETC and all on-site participating agencies.

Financial Management Service

<i>Program Summary (dollars in millions)</i>					
Appropriation Title	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses	196.5	202.5	202.5	0.0	0.0%

Explanation of FY 1999 Request

The Financial Management Service (FMS) budget request continues to shift resources from traditional payment functions to expanding business areas such as Debt Collection activities and electronic funds transfer (EFT). The request represents resource savings for personnel and non personnel related costs associated with converting FTE to reimbursable funding activities related to the expanding Debt Management Program, as well as decreases in postage and associated production costs associated with migration of payments from check to electronic media. FMS's most critical challenge for FY 1999 is to ensure that computer systems are Y2K compliant--continued spending of base resources will support FMS's efforts.

Purpose of Program

FMS's activities encompass all work performed to improve the quality of government financial management and include implementing payment policy and procedures for the Federal Government, issuing and distributing payments, promoting the use of electronic methods in the payment process, assisting agencies in converting payments from paper checks to electronic funds transfer (EFT), and centrally managing and collecting delinquent debts owed to the Federal Government.

Program Description and Benefits

FMS's responsibilities funded by this appropriation include:

- ☐ Timely issuance of government checks, letters of credit, and EFT payments, and processing claims against payments by managing the mechanisms which collect approximately \$1.4 trillion in revenue for the Federal Government;
- ☐ Timely issuance of government checks, letters of credit, and EFT payments, and processing claims against payments by managing payments systems that produce over 850 million payments totaling over \$1 trillion each year for all executive agencies except the Department of Defense, the U.S. Postal Service, the U.S. Marshals Service, and certain government corporations;
- ☐ Ensure control and financial integrity of the federal payments and collections processes by providing central accounting services for the government, compiling, and publishing financial reports, overseeing a daily cash flow in excess of \$10 billion, and accounting for and reporting on these activities;

Financial Management Service

- ☐ Improve the quality of the Federal Government's financial management by managing government-wide debt collection services and increasing the collection of delinquent debt owed to the Federal Government;
- ☐ Minimize the cost and maximize the effectiveness of the Federal Government's financial management by developing and evaluating cash and credit management policies, and providing leadership, guidance, and assistance to government agencies for cash and credit management, and for financial systems; and
- ☐ Ensure control and financial integrity of the federal payments and collections processes by managing trust, revolving, and deposit fund accounts, making determinations for charges to the Judgement Fund, and processing and resolving claims on all lost, stolen, and forged U.S. Government checks including those not issued by FMS.

Program Performance

With resources requested in FY 1999, FMS anticipates the following performance:

- ☐ Process 97% of agency reports for the consolidated financial statement within the established standard range;
- ☐ Increase in government-wide delinquent non-tax debt collections by \$95 million over FY 1995;
- ☐ Achieve a 10% increase in the percentage of transmissions of value (payments) and associated information made electronically; and
- ☐ Maintain percentage of check payments released on time at 99.99%.

Bureau of Alcohol, Tobacco and Firearms

<i>Program Summary (dollars in millions)</i>					
Appropriation Title	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Increase or Decrease	
				\$millions	%
Salaries and Expenses	505.0	508.4	554.3	45.9	9.0%
<i>Violent Crime Reduction Trust Fund (Included)</i>	<i>[44.6]</i>	<i>[29.4]</i>	<i>[10.0]</i>	<i>-19.4</i>	<i>-66.0%</i>
Laboratory & Headquarters	7.0	55.0	32.0	-23.0	-41.8%
Bureau Total	512.0	563.4	586.3	22.9	4.1%

Note:

- Violent Crime Reduction Trust Fund amounts are included in the Salaries and Expenses Appropriation for all fiscal years, and are separately displayed in this table for information purposes only.

Explanation of FY 1999 Request

The Bureau of Alcohol, Tobacco and Firearms (ATF) budget focuses on several ongoing major priorities.

- ☐ Restoring ATF's equipment and technology base budget, to effectively and safely fulfill its mission while performing an increasing workload: 1) Year 2000 conversion costs and other information technology investments, replacement of unsafe vehicles engaged in enforcement and regulatory operations, and laboratory and investigative supplies and equipment; and 2) restoring the Explosives Inspections base (funded by the Treasury Forfeiture Fund in FY 1998) into the Salaries and Expenses appropriation to sustain current levels of operations.
- ☐ Reducing illegal firearms trafficking and the use of guns by juveniles: 1) the Youth Crime Gun Interdiction Initiative and 2) the Achilles Program Violent Crime Coordinators.
- ☐ Reducing youth crime through community outreach via the GREAT Program.
- ☐ Addressing counter-terrorism concerns, resources support: 1) laboratory equipment and mobile units, and 2) forensic support.
- ☐ Ensuring the security of ATF personnel through the relocation of the ATF Headquarters.

All these proposals are predicated on adjustment of resources for cost inflation of current operations.

Purpose of Program

ATF plays an important role in the Federal Government's efforts to reduce violent crime, collect revenue and protect the public. ATF enforces the federal laws and regulations pertaining to alcohol, tobacco, firearms, explosives and arson by working directly and in cooperation with other law enforcement institutions.

Bureau of Alcohol, Tobacco and Firearms

Program Description and Benefits

Specific responsibilities of ATF include:

- ☐ **Violent Crime Reduction:** *Deny criminals access to firearms:* ATF identifies and deters the sources of and participation in illegal firearms trafficking; *Safeguard the public from bombings and arson:* ATF identifies and pursues the criminal misuse of explosives materials and fire; and *Target violent offenders:* ATF investigates, arrests, and recommends for prosecution those criminals who violate firearms and explosives laws in their criminal activity.
- ☐ **Revenue Collection:** *Collect revenue due:* ATF ensures that all eligible revenues are collected under Federal laws administered by ATF; and *Manage and process revenue:* ATF is developing systems and processes to ensure that revenues are received and paid out and are effectively and timely managed.
- ☐ **Protection of the Public:** *Conduct community outreach:* ATF encourages and participates in the prevention of violence; and provides training and prevention strategies through community, law enforcement, and industry partnerships; *Provide consumer protection:* ATF ensures that commodities meet safety and product identity standards; and *Contribute to public safety:* ATF keeps ineligible or prohibited persons out of the regulated industry and properly accounts for firearms and explosives.

Program Performance

With the requested FY 1999 resources, ATF intends to accomplish the following:

- ☐ **Reduce Violent Crime:**
 - Avoid \$1 billion in crime-related costs through imprisonment of violent criminals
 - Accomplish 275,000 firearms traces and achieve an average trace response time of 10 working days
 - Train/develop 52,000 non-ATF law enforcement personnel
 - Avoid 450,000 crimes
- ☐ **Collect Revenue**
 - Collect \$12.8 billion in taxes and fees from the alcohol, tobacco, firearms and explosives industries.
 - Reduce the number of private industry burden hours by 606,630 through reduction of time required to comply with ATF regulations, including the preparation of forms, and through reducing the number of existing regulations and forms.
- ☐ **Protect the Public**
 - Respond to 677 discovered unsafe conditions and product deficiencies related to explosives found unsafe through inspections and alcohol products found unsafe through a market sampling program.
 - Hold 120 seminars by commodity (alcohol, firearms and explosives).

Bureau of Engraving and Printing

<i>Program Summary (dollars in millions)</i>					
Revolving Fund	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Increase or Decrease	
				\$millions	percent
Revenue	431	424	429	5.0	1.2%

Explanation of FY 1999 Request

The Bureau of Engraving and Printing (BEP) budget request maintains the Bureau's capability to produce and deliver United States currency, postage stamps, and other government securities, and provides the resources to enable a coordinated program of updated technology, workforce development, and improved streamlined work processes.

Purpose of Program

BEP operates on the basis of authority conferred upon the Secretary of the Treasury by 31 U.S.C. 321 (a)(4) to engrave and print currency and security documents. The operations of the Bureau are financed by means of a revolving fund. The Bureau is reimbursed by other government agencies for the direct and indirect costs, including its administrative expenses, and acquisition of capital equipment and working capital. This precludes requests for appropriations.

Program Description and Benefits

The responsibilities of the Bureau of Engraving and Printing Fund include:

- ☐ Designing, engraving, printing, processing, and delivery of U.S. currency, postage stamps, and other security documents issued by the government;
- ☐ Printing revenue stamps for various territories administered by the United States;
- ☐ Accounting for and destroying security waste products;
- ☐ Conducting research and development programs for: improving the quality of products, reducing manufacturing costs, and strengthening deterrents to counterfeiting of government securities;
- ☐ Manufacturing plates and inks used for its products, purchasing materials, supplies, and equipment, and providing maintenance services for its buildings, plants, machinery and equipment.

Bureau of Engraving and Printing

Program Performance

- ☐ Production of 9.5 billion currency notes ensures sufficient inventory and enables the current demand for currency to be met.
- ☐ Production of 18.0 billion postage stamps ensures the demand for postage stamps to be met.
- ☐ Maintaining the variance of manufacturing cost for currency, at or below the standard cost, increases the efficiency and cost effectiveness of program management.
- ☐ Reducing the ratio of spoilage to total units of currency and postage stamp coils printed indicates improved quality control over the production process and material inputs.
- ☐ An unqualified audit opinion on annual financial statements ensures proper stewardship and accountability of resources and ensures program integrity.

United States Mint Public Enterprise Fund

<i>Program Summary (dollars in millions)</i>					
Revolving Fund	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Increase or Decrease	
				\$millions	percent
Revenue	715	650	697	47	7.2%

Explanation of FY 1999 Request

The U.S. Mint budget request maintains its capability to manufacture and deliver circulating coinage, numismatic and investment products, and provides for the protection of Mint facilities. In addition, the budget estimate provides resources to enable a structured replacement/improvement plan for worn and obsolete manufacturing equipment, automation of various manufacturing processes, modernization of telecommunications systems, implementation of updated technology, and repairs to Mint facilities.

Purpose of Program

The U. S. Mint Public Enterprise Fund is financed by means of a revolving fund to manufacture and deliver domestic circulating coinage and numismatic and bullion products, and provide security over assets, including the government's stock of gold and silver bullion, coins, and coinage metals. This precludes requests for appropriations.

Program Description and Benefits

The responsibilities of the United States Mint Public Enterprise Fund include:

- ☐ Manufacture and distribution of circulating coinage to meet the Federal Reserve demand;
- ☐ Manufacture, marketing, and distribution of numismatic and bullion coins, medals, and other products for sale to collectors and the general public; and
- ☐ Protection of Mint facilities including the government's stock of gold and silver bullion, coins, and coinage metals at Mint locations.

Program Performance

- ☐ Maintain circulating coin inventories at a minimum level one hundred percent of the time ensures adequate distribution into the Nation's economy and enables rapid response to unforeseen demand due to changes in economic conditions.

United States Mint Public Enterprise Fund

- ☐ Minimizing the production cost and reducing the average total cost of circulating coinage by 25% (excluding metal costs) by the Year 2002 increases the cost efficiency of circulating coinage production.
- ☐ Shipping commemorative coins within 4 weeks and recurring coins within 3 weeks of order date increases efficiency, provides for timely delivery of products, and improved customer service.
- ☐ Pursuing new customers, new market channels, and new product lines increases the profitability of numismatic/bullion operations.
- ☐ Continuing protection operations provides a level of security commensurate with changing threats and protects Mint human and physical resources and the assets of the United States.

United States Customs Service

<i>Program Summary (dollars in millions)</i>					
Appropriation Title	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses	1,549.6	1,584.8	1,702.5	117.7	7.4%
<i>Violent Crime Reduction Trust Fund (included)</i>	- - -	60.6	64.5	3.9	6.4%
Air/Marine Operation and Maintenance	83.4	92.8	98.5	5.7	6.1%
Harbor Maintenance Fee Collections	3.0	3.0	3.0	0.0	0.0%
Bureau Total	1,636.0	1,680.6	1,804.0	123.4	7.3%

Notes:

- Violent Crime Reduction Trust Fund amounts are included in the Salaries and Expenses Appropriation for all fiscal years, and are separately displayed in this table for information purposes only.
- Totals exclude: Funding for the Automated Commercial Environment (ACE), which is included in Treasury's Automation Enhancement Account (\$15 million, \$11 million, and \$8 million respectively); and Services at Small Airports, which is now appropriated as permanent and indefinite.

Explanation of FY 1999 Request

The U.S. Customs budget request maintains the momentum of several priorities under two major subsets:

☐ **Protecting Our Borders from the Illegal Entry of Narcotics and Other Contraband:**

- Halting the flow of illegal narcotics coming through our borders, with emphasis on: 1) increasing the use of field-tested non-intrusive inspection technologies; and 2) adding to the strategic placement of anti-smuggling personnel;
- Enhancing money laundering enforcement, principally in outbound currency interdiction;
- Continuing a joint initiative with the Immigration and Naturalization Service for automating passenger processing at the land borders;
- Resources for passenger processing workload increases resulting from mandated new border crossings and lane access requirements; and
- Integrity assurance for Customs personnel through improvements in training and interagency task forces.

☐ **Trade Compliance:**

- Continued deployment of automated commercial operations, in conjunction with deployment of the supporting information technology architecture under proposed legislation, and with corresponding correction of Year 2000 compliance problems; and
- A new initiative preventing products or goods made with child labor from entering the United States.

United States Customs Service

Purpose of Programs

These accounts fund U.S. Customs operations at land, sea, and air ports of entry, as well as at other locations around the country related to Customs' mission. Customs is charged with ensuring that all goods entering and exiting the United States do so in accordance with all United States laws and regulations.

Program Description and Benefits

Customs' responsibilities funded by this appropriation include:

- ☐ **Protecting the American Public:** Customs' inspection, examination, and investigative capabilities are responsible for discovery or seizure/interdiction of over two-thirds of all illegal narcotics encountered by federal agencies. Customs' capabilities and jurisdiction also control the threat of hazardous products and dangerous substances to the environment and the public's health.
- ☐ **Protecting Fair Trade and American Competitiveness:** Customs import/export examination capabilities ensure that foreign products introduced into the American economy conform to all tariff and trade provisions of U.S. law and international agreements.
- ☐ **Facilitating a Robust International Trade:** Customs' move to greater sophistication in the targeting of suspicious arriving goods and passengers allows expedited clearance of the vast majority of lawful commerce within prescribed U.S. laws and international agreements. Customs' partnerships with industry allow rapid clearance of legitimate commerce without diminishing enforcement vigilance.
- ☐ **Contributing to a Balanced Budget:** In FY 1997 Customs collected over \$22 billion in duties, taxes, fines and penalties on non-compliant entries, and fees that are deposited in the Treasury general fund, as well as over \$1 billion in user fees related to the cost of its operations.
- ☐ **Providing Key Support to Coordinated Federal Law Enforcement, and Contributing to National Security:** Besides its principal role in federal drug control policy, Customs' investigative capabilities are key in enforcing money laundering laws, by concentrating on the outbound movement of cash and negotiable instruments. Customs also protects against the export of material and technology which threaten U.S. national and economic security.

Program Performance

Customs expects to achieve the following levels of performance in selected program areas in FY 1999, subject to requested funding:

- ☐ An overall 85 percent compliance level with the Harmonized Tariff Schedules of the United States.
- ☐ Over a 99 percent revenue collection compliance rate.
- ☐ Between a 97 percent and 99 percent one day release time for all cargo not subjected to examination.
- ☐ Nearly a 99 percent passenger compliance rate.
- ☐ An inspection targeting efficiency reflecting seven times greater than random for air passengers and eleven times greater than random for vehicles.
- ☐ A five minute or less processing rate for 95 percent of arriving air passengers.

United States Customs Service

- ☐ Seizure of 160 thousand pounds of cocaine, 780 thousand pounds of marijuana, and 3 thousand pounds of heroin, within a total of nearly 17,000 seizures.
- ☐ Seizure of \$136 million in currency, bank accounts and other financial instruments, and \$36 million in real property, involved in money laundering and contraband transactions.

Bureau of the Public Debt

<i>Program Summary (dollars in millions)</i>					
Appropriation Title	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Increase or Decrease	
				\$millions	percent
Administering the Public Debt	169.7	173.8	177.5	3.7	2.1%
Offsetting Maintenance Fees	-4.4	-4.4	-4.4		
Bureau Total	165.3	169.4	173.1	3.7	2.2%

Explanation of FY 1999 Request

The Bureau of the Public Debt (BPD) budget request maintains a program level consistent with the current level of efforts. In an effort to reverse the recent decline in sales, the request reflects the improvement to the financial terms and conditions for new Series EE bond sales. This rate improvement will promote the goal of encouraging public savings for long-term purposes such as education and retirement. The budget request also reflects BPD's continued marketing and issuance of a new inflation-indexed security and the introduction of a new inflation-indexed savings bond.

Purpose of Program

This appropriation is used to administer the laws and regulations pertaining to: public debt financing, accounting for the public debt and related interest costs, and the issuance, servicing, and retirement of public debt securities.

Program Description and Benefits

BPD's responsibilities funded by this appropriation include:

- ☐ New rate structure and improvement to the financial terms and conditions of the Series EE Savings Bond in an effort to reverse its recent decline;
- ☐ Issuing and redeeming, as well as marketing, approximately 150 million savings bonds annually; and accounting for the more than \$5 trillion federal debt and over \$300 billion in annual interest charges;
- ☐ Promotional activities designed to increase the sale and retention of savings securities with Series EE Savings Bonds constituting the major workload;
- ☐ Conducting annual sales campaigns through contacts with over 31,000 companies, banks, media, labor, volunteer, Federal, State, education and other organizations throughout the country;

Bureau of the Public Debt

- ☐ Implementing regulations governing the primary issuance of Treasury securities and secondary market transactions involving government securities;
- ☐ Conducting transactions on outstanding securities including exchanges, transfers, and redemptions; and
- ☐ Receiving, auditing, recording, storing, and destroying redeemed securities and interest coupons.

Program Performance

With resources requested in FY 1999, BPD anticipates the following performance:

- ☐ Saving Treasury \$100 million annually in Public Debt interest costs through Series EE bond sales;
- ☐ Promoting public awareness of savings bonds by obtaining \$13 million in public service broadcast and print advertising annually; and
- ☐ Providing quality service to purchasers of savings bonds by:
 - issuing 95% of over-the-counter savings bonds in three weeks;
 - completing 90% of customer service transactions in four weeks;
 - providing 100% of Series HH/H bond interest payments in a timely manner; and
 - making 99.9% of Series HH/H bond interest payments accurately.

Internal Revenue Service

<i>Program Summary (dollars in millions)</i>					
Appropriation Title	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Increase or Decrease	
				\$millions	percent
Processing, Assistance & Management	1,790.3	2,925.9	3,162.4	236.5	8.1%
Tax Law Enforcement	4,091.2	3,143.4	3,169.6	26.2	0.8%
Information Systems	1,323.1	1,272.5	1,540.9	268.4	21.1%
Information Technology Investment	- - -	325.0	323.0	(2.0)	-0.6%
Bureau Total	7,204.6	7,666.8	8,195.9	531.1	6.9%

Explanation of FY 1999 Request

The Internal Revenue Service (IRS) budget request is a request for high priority funding items to meet emerging funding issues and pursue continued reinvention and improvement in the areas of modernization and customer service. While most programs are maintained at current levels, some important requirements are also addressed.

- ☐ **Current Services:** The request maintains current service levels to fund inflation in FY 1999 and unique items such as a General Services Administration (GSA) security surcharge.
- ☐ **Year 2000:** The IRS' number one priority is to ensure, along with the Treasury Department and OMB, that systems will meet Year 2000 Date Change requirements by December 31, 1998. IRS will spend \$234 million in FY 1999 to ensure that its systems will not be adversely affected in 2000.
- ☐ **Customer Service:** A major focus for FY 1999 will be improving customer service. The IRS is requesting \$103 million to: provide clearer, easier to use forms and publications; improve telephone access to 86%; improve electronic filing; strengthen the Office of Taxpayer Advocate; establish Citizen Advocacy Panels; conduct problem solving days; and expand the hours of local walk-in offices.
- ☐ **Organizational Modernization:** An adjunct to the systems modernization is an organizational modernization to better address how IRS will interact with taxpayers and meet their expectations much as any modern large financial services provider would.
- ☐ **Technology Account:** The request also includes an Information Technology Capital Investment request in FY 1999 for \$323 million which will provide seed money for upcoming modernization development. This request will fund Phase I, releases 2 - 5 of the Modernization Blueprint. [Represents *advance funding* for modernization for use primarily in FY 2000 and beyond--(no outlays are anticipated in FY 1999.)]
- ☐ **Business-Line Investments:** Aging processing systems and critical stay-in-business legacy systems will be maintained as modernization is implemented.

Purpose of Program

This program funds IRS operations nationwide in service centers, district offices, and telephone call sites. The IRS is charged with collecting federal individual and corporate income taxes, certain excise taxes,

Internal Revenue Service

employee trust fund taxes, estate and gift taxes and various miscellaneous taxes.

Program Description and Benefits

The Internal Revenue Service's responsibilities cover processing of filed tax returns along with the related services to the taxpayer and required enforcement. These activities are funded through several appropriations and include:

- ☐ Receiving and processing tax and information returns;
- ☐ Maintaining tax records for all U.S. corporate and individual taxpayers;
- ☐ Issuing refunds for taxpayers owed them;
- ☐ Maintaining a high level of voluntary compliance through educating and assisting taxpayers;
- ☐ Determining the correct amount of taxes owed;
- ☐ Collecting taxes owed but not paid;.
- ☐ Ensuring compliance with U.S. tax laws under Title 26 U.S.C.; and
- ☐ Protecting taxpayer's privacy and rights under the Taxpayer Bill of Rights.

Program Performance

Activities performed under this appropriation are core governmental functions which must continue on a day-to-day basis. FY 1997 program performance includes:

- ☐ **Administration of the U.S. Tax Code:** IRS administers the Internal Revenue Code - the basis of U.S. taxation. In doing so, IRS manages to collect \$100 for each 48 cents expended while:
 - processing over 1.3 billion tax and information returns;
 - issuing almost 88 million refunds; and
 - answering over 104 million taxpayer telephone calls for assistance.
- ☐ **Assisting Americans:** Through the Earned Income Tax Credit, some 18.7 million working Americans were able to receive \$25.0 billion in benefits both during the year and upon filing their tax year 1996 income tax return.
- ☐ **Balancing the Budget:** In FY 1997, IRS collected \$1.5 trillion in Federal taxes -- 95% of all Federal revenues.

United States Secret Service

<i>Program Summary (dollars in millions)</i>					
Appropriation Title	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses	551.3	580.7	606.4	25.7	4.4%
<i>Violent Crime Reduction Trust Fund (Included)</i>	<i>[20.0]</i>	<i>[15.7]</i>	<i>[11.7]</i>	<i>-4.0</i>	<i>-25.5%</i>
Acq., Constr., Impr., and Related Expenses	37.4	8.8	6.4	-2.4	-27.3%
Bureau Total	588.7	589.5	612.8	23.3	3.8%

Note:

- Violent Crime Reduction Trust Fund amounts are included in the Salaries and Expenses Appropriation for all fiscal years, and are separately displayed in this table for information purposes only.

Explanation of FY 1999 Request

The Secret Service budget request includes several high priority funding items.

- ☐ For White House Security, additional funds are requested to permanently staff new security posts, and hire technical and clerical staff necessary to appropriately address security at the White House complex. These enhancements are to address recommendations of the “White House Security Review.”
- ☐ A mandatory workload increase is requested for the 2000 Presidential campaign to cover initial expenses related to the protection of major Presidential and Vice Presidential candidates, nominees and their spouses.
- ☐ In order to enhance the Service’s protection capabilities and maintain its position as the lead protective agency, additional resources are requested to strengthen the protective and protective intelligence programs.
- ☐ To address lease expirations in field offices and moves to new office space, additional resources are requested for security related renovations, installation of technical equipment, modular furniture, moving expenses, and increased rental charges related to these moves.

Purpose of Program

These accounts fund the Secret Service protective operations for the security of the President, the Vice President, and other dignitaries and designated individuals; enforcement of laws relating to obligations and securities of the United States, and to financial crimes such as financial institution fraud and other fraud; and uniformed protection of the White House and other buildings within Washington, D.C. as mandated by 18 U.S.C. 3056 and 3 U.S.C. 202.

United States Secret Service

Program Description and Benefits

The Secret Service's responsibilities funded by these appropriations include:

- ☐ Sustaining a secure physical environment for permanent protectees and visiting foreign heads-of-state/government; and
- ☐ Suppressing counterfeiting and financial crimes against the obligations and securities of the United States.

Program Performance

- ☐ **Protection in a Constantly Changing World:** The USSS provides the highest level of coverage possible for persons authorized Secret Service protection. The Secret Service is internationally recognized for its expertise in accomplishing this mission. Specific benefits include:
 - maximum physical protection for protectees of the Secret Service, whether they are in residence or travel status;
 - protective intelligence supporting risk assessment and the determination of protective requirements; and
 - a secure environment at the White House/Treasury complex, foreign missions, and other Secret Service controlled sites.
- ☐ **Financial Crimes Investigation:** The Secret Service plays a leading role in maintaining public trust and confidence in the Nation's financial systems. Specific benefits include:
 - over 28,000 cases closed and 10,000 arrests in the financial crime arena;
 - increased savings to the public through 3,000 financial institution fraud cases closed per year and 4,000 credit card access device fraud cases closed; and
 - suppression of counterfeiting of U.S. currency domestically and in foreign countries.

Interagency Crime and Drug Enforcement

<i>Program Summary (dollars in millions)</i>					
Appropriation Title	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Increase or Decrease	
				\$millions	percent
Interagency Law Enforcement	---	74.0	76.0	2.0	2.7%
<i>Violent Crime Reduction Trust Fund (included)</i>	- - -	[0.0]	[45.0]	[45.0]	100.0%
Bureau Total	---	74.0	76.0	2.0	2.7%

Note:

• Violent Crime Reduction Trust Fund amounts are included in the Salaries and Expenses Appropriation for all fiscal years, and are separately displayed in this table for information purposes only.

Explanation of FY 1999 Request

The Interagency Crime and Drug Enforcement (ICDE) budget represents the portion of the ICDE funds previously appropriated to the Department of Justice (DOJ) for Treasury law enforcement bureaus participating in the program.. They are now funded through the Treasury-Postal appropriation. The request includes:

- ☐ A 2% increase for inflation to maintain current levels of service.
- ☐ Funds for management of Treasury's ICDE program in the Office of Enforcement.

Purpose of Programs

Under the leadership of the Department of Justice, the Treasury Department administers the ICDE appropriation provided to Treasury bureaus. Jointly, these agencies establish law enforcement investigative case priorities. Formerly called the Organized Crime Drug Enforcement Task Force (OCDETF) program and originally established in FY 1982, the primary goal of the program is to target, investigate and prosecute individuals who organize, direct, finance, or otherwise engage in high-level illegal drug trafficking enterprises, including large-scale money laundering organizations.

To accomplish this goal, participating agencies coordinate their activities and cooperate within a national regional task force structure. Consisting of a representative from each participating agency, regional task forces foster a spirit of cooperation among Federal, State and local law enforcement agencies and bring some of the best specialized investigative and prosecutorial talent of each agency to bear on cases which have qualified for referral under special criteria.

From FY 1988 until FY 1997, DOJ annually prepared a consolidated request for OCDETF on behalf of all participating agencies. Eleven agencies participated and received resources from the bill on a reimbursable basis. The Bureau of Alcohol, Tobacco, and Firearms, the U.S. Customs Service and the Internal Revenue Service are the Treasury bureaus that participated in this program. Prior to FY 1998, DOJ reimbursed the Treasury bureaus for salaries and expenses expended on the cases that were referred to and accepted by the task forces.

Interagency Crime and Drug Enforcement

The ICDE Task Force Program consists of nine regional task forces which consolidate the resources and expertise of 11 member Federal agencies in cooperation with State and local investigators and prosecutors to target and destroy major narcotics trafficking and money laundering organizations. The Treasury appropriation includes funding for the following bureaus. (Please note that each bureau is reimbursed by a Departmental account, so that the FTE shown are considered Reimbursable rather than Direct):

Program Description and Benefits

Activities performed under this appropriation are core governmental functions which must continue on a day to day basis. Specific benefits include:

- ☐ **Increase the safety of Americans by substantially reducing drug-related crime and violence**
- ☐ **Shield America's air, land, and sea frontiers from the drug threat**

Program Performance

With the requested FY 1999 resources, ICDE will provide:

- ☐ **Consolidated Departmental Oversight:** Appropriating directly to the Treasury Department enhances Treasury Enforcement's ability to exercise consolidated Departmental oversight in the management and allocation of resources concomitantly with streamlining administrative coordination with non-Treasury participating agencies.

These enhancements can be achieved while maintaining the integrity of existing guidelines which allow individual task forces to be tailored to meet the special needs of regional ICDE investigative and prosecutorial personnel.

- ☐ **Interagency cooperation to solve crimes:** The overall goal to identify, investigate, and prosecute members of high-level drug trafficking and related enterprises will be maintained through interagency coordination and thereby generate more and better cases against drug trafficking and related organizations.

When Treasury bureaus refer cases to the task forces, Treasury benefits from the highly specialized talents of each agency and, at the same time, receives reimbursement for resources expended. Likewise, other agencies benefit from Treasury's expertise in solving their cases. The types of cases referred to ICDE are extremely complex and characterized by conspiracies of large, well organized criminal enterprises. These cases often extend over wide geographic areas and require the cooperation of multiple-district task forces.

Community Development Financial Institutions Fund

<i>Program Summary (dollars in millions)</i>					
Appropriation Title	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Increase or Decrease	
				\$millions	percent
Community Dev. Financial Institutions Fund	50.0	80.0	125.0	45.0	56.3%

Explanation of FY 1999 Request

The Community Development Financial Institutions (CDFI) budget request increases CDFI's ability to meet the rising demand to invest in and build the capacity of the private sector to address the community development financing needs of distressed urban and rural communities.

Purpose of Program

- ☐ CDFIs provide a wide variety of financial products and services to distressed urban and rural communities and to low income populations, such as commercial loans and investments to start or expand small businesses, loans for first-time home buyers, loans to rehabilitate rental housing, and loans for community facilities.
- ☐ CDFIs comprise a broad range of institution types, such as community development banks, community development credit unions, community development loan funds, community development venture capital funds, and microenterprise loan funds.
- ☐ The CDFI Fund addresses market inefficiencies which exist in distressed communities, restores healthy private market activity, promotes entrepreneurship, revitalizes neighborhoods, generates tax revenues, and empowers local residents.

Program Description and Benefits

The CDFI Fund's responsibilities funded by these appropriations include:

- ☐ Invest directly in CDFIs that satisfy quality standards and are able to raise private matching funds;
- ☐ Provide training and technical assistance to improve the capacity of CDFIs;
- ☐ Provide incentives to traditional financial institutions to increase their support of CDFIs and increase the lending and financial services they provide in distressed communities;

Community Development Financial Institutions Fund

- ☐ Recognize outstanding microenterprise development organizations through the Presidential Awards for Excellence in Microenterprise Development Program;
- ☐ Implement secondary market initiatives which draw in new sources of private institutional capital to support the activities of CDFIs; and
- ☐ New in FY 1998 is a training program which will provide educational programs to assist CDFIs and other members of the financial services industry in developing lending and investment products, underwriting and servicing loans, managing equity investments, and providing development services targeted to areas of economic distress, low-income persons and persons who lack adequate access to loans and equity investments.

Program Performance

- ☐ Increase the cumulative number of CDFIs to which the Fund provides financial assistance while maintaining high quality standards and promoting diversity by measuring the number of CDFIs receiving assistance.
- ☐ For the Banking Enterprise Award program in FY 1999, increase the volume of new dollars infused into distressed communities by insured depository institutions by \$10 million for new lending, investment and service activity.
- ☐ Increase the cumulative number of insured depository institutions that partner with CDFIs by measuring the number of awardees that provide financial or technical assistance to CDFIs.
- ☐ Increase the cumulative number of CDFIs that receive technical assistance by measuring the number of CDFIs that receive technical assistance.
- ☐ Through training, increase the capacity and expertise of CDFIs and other members of the financial services industry by training 50 financial services organizations in FY 1998 and an additional 150 in FY 1999.

Community Adjustment and Investment Program

<i>Program Summary (dollars in millions)</i>					
Appropriation Title	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Increase or Decrease	
				\$millions	percent
Community Adjustment and Investment Program	0.0	0.0	37.0	37.0	---

Explanation of FY 1999 Request

The Community Adjustment and Investment Program (CAIP) budget request increases available funding to help communities affected by significant job losses connected to the North American Free Trade Agreement. This funding will permit CAIP to play a more significant role in the economic adjustment of trade affected communities, working in partnership with local private sector lenders and with private sector business.

Purpose of Program

- ☐ CAIP increases resources available to communities with significant job losses connected to the North American Free Trade Agreement and with high unemployment rates.
- ☐ CAIP will provide the financial resources for commercial projects in the form of loans, loan guarantees, grants, and technical assistance. The form of financial assistance depends on the individualized needs of the business.
- ☐ The majority of financing is done in participation with private sector lenders, and the business must satisfy appropriate underwriting criteria.

Program Description and Benefits

The CAIP's responsibilities funded by these appropriations include:

- ☐ Assist business through technical assistance initiatives to increase the capacity of entrepreneurs in trade affected communities to create new jobs;
- ☐ Provide limited grants in trade affected communities to leverage private sector investments and to create new job opportunities for displaced workers; and
- ☐ Provide loans and loan guarantees to finance business creation or expansion, thus creating new job opportunities.

Community Adjustment and Investment Program

Program Performance

- ☐ Increase the number of private sector jobs created in trade affected communities.
- ☐ Implement an effective technical assistance initiative targeted to new business projects.
- ☐ During the first quarter of FY 1998, the CAIP has provided access to over \$12 million in private sector funds for 32 commercial projects in 19 communities, located in 12 states across the Nation. Based on the business certifications, these funds will create or save over 570 private sector jobs in affected communities.

Joint Financial Management Improvement Program

<i>Program Summary (dollars in millions)</i>					
Appropriation Title	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Increase or Decrease	
				\$millions	percent
Joint Financial Management Improvement Program	0.0	0.0	3.0	3.0	---

Explanation of FY 1999 Request

The Joint Financial Management Improvement Program (JFMIP) budget request includes funding for the Program Management Office to determine and define requirements for Federal Financial Management Systems, test financial management systems software, and establish and maintain a procurement vehicle which provides streamlined procedures for purchasing these systems. The Program Management Office will include five positions which will serve as liaisons with agency senior management and the private sector to manage contracts, evaluate best practices, and work on financial requirements information technology architecture issues.

Purpose of Program

- ☐ The JFMIP is guided by a Steering Committee consisting of key policy officials from Treasury, Office of Management and Budget (OMB), General Accounting Office, Office of Personnel Management and General Services Administration. The group is supported by a small staff headed by an Executive Director.
- ☐ The centralized approach proposed for FY 1999 will help Federal agencies achieve the financial management systems priorities and objectives established in the *Federal Financial Management Status Report & Five Year Plan* produced by the Chief Financial Officers Council and OMB.
- ☐ The establishment of a Program Management Office under the JFMIP was recommended by the Chief Financial Officer's Council to provide a core staff to carry out efforts to improve financial management systems as outlined in the Five Year Plan.

Program Description and Benefits

The JFMIP responsibilities funded by these appropriations include:

- ☐ Develop systems requirements communicating and explaining Federal and agency needs;
- ☐ Provide vendors and agencies with the information to improve financial systems; and
- ☐ Ensure that products meet relevant standards.

Earned Income Tax Credit Compliance Initiative

(Outside the Discretionary Caps)

<i>Program Summary (dollars in millions)</i>					
Appropriation Title	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Increase or Decrease	
				\$millions	percent
EITC Compliance Initiative	- - -	138.0	143.0	5.0	3.6%

Explanation of FY 1999 Request

The Earned Income Tax Credit Compliance (EITC) Initiative budget request is essentially a current services request that will allow the Internal Revenue Service (IRS) to continue to ensure that EITC claims are not overstated and that recipients are indeed eligible. The requested amount will cover increases due to inflation, pay raises and annualizations as well as an expected workload increase.

- ☐ The request maintains current service levels to fund inflation in FY 1999 and expected additional workload increases.
- ☐ Non-recurring one-time costs are offset by program increases to: clean-up invalid master file segments; educate those eligible for the EITC; follow-on work in Counsel and Appeals; and systems quality assurance.

Purpose of Program

This program funds IRS operations focusing on expanded customer service, public outreach, strengthened enforcement, and enhanced research to reduce over claims and erroneous filings associated with EITC.

Program Description and Benefits

The Internal Revenue Service's efforts associated with the EITC funded by this appropriation include:

- ☐ Expanded customer service including dedicated toll-free telephone assistance, increased community-based tax preparation sites and a coordinated marketing and educational effort.
- ☐ Improved compliance through increased staff and systemic improvements in submission processing, examination, and criminal investigation programs.
- ☐ Enhanced research activities and projects focused on EITC claimant characteristics and patterns of non-compliance.
- ☐ This appropriation also funds reimbursements to the Social Security Administration (SSA) for

enhancements to the SSA numbering systems and cooperative efforts with state vital statistics offices.

Program Performance (FY 1997 actuals)

- ☐ **Assisting Americans:** Through the Earned Income Tax Credit, some 18.7 million working Americans were able to receive \$25.0 billion in benefits both during the year and upon filing their tax year 1995 income tax return.

Department of the Treasury

Summary Performance Plans for FY 1998 and FY 1999 and Summary Performance Report for FY 1997

Overview

The Government Performance and Results Act (Results Act) establishes formal requirements for strategic planning and performance measurement in the Federal Government. The Act requires that agencies develop Strategic Plans by September 30, 1997, annual Performance Plans for FY 1999, and Performance Reports by March 31, 2000. Treasury published a Results Act compliant Strategic Plan in September 1997 and has submitted annual performance plans as part of its annual budget since the FY 1997 submission.

This section of the Budget in Brief provides an overview of the Department's Performance Plans for FYs 1998 and 1999 and a Summary Performance Report for FY 1997. Selected key performance measures for these fiscal years are reflected in the *Summary Performance Plan and Report* table which follows this introduction. For a complete plan/report for any Treasury program, please refer to Treasury's FY 1999 Justification of Appropriations document, which includes the full set of performance measures for each bureau and a complete explanation of both actual performance for the prior fiscal year and targeted performance for the budget year and the current year.

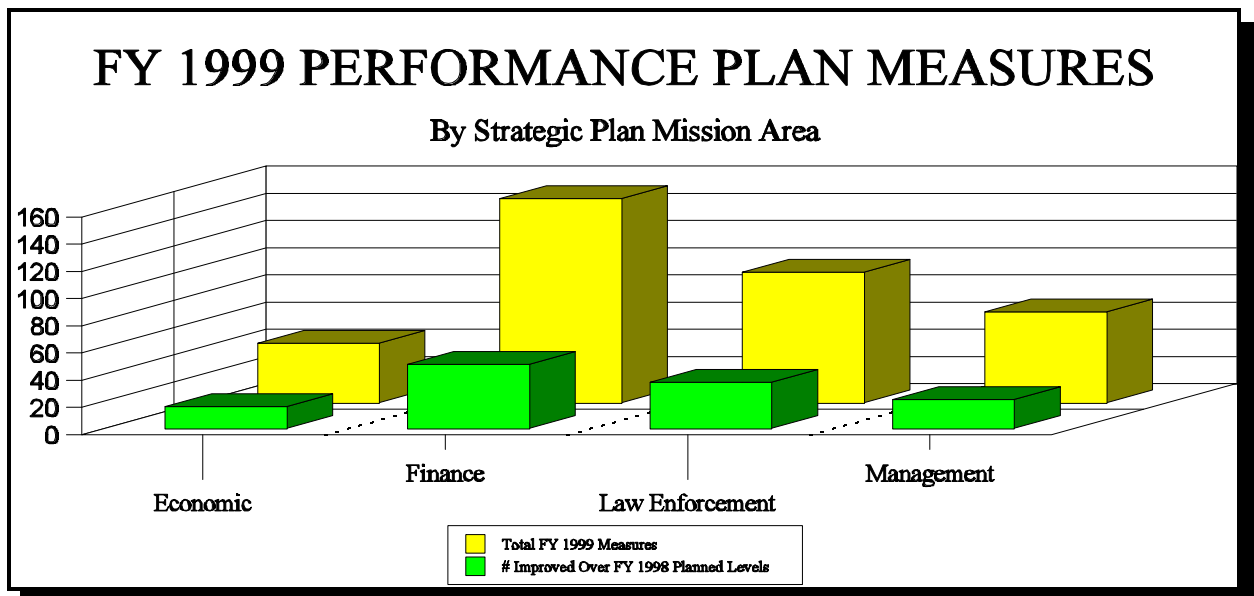
The Performance Plan and Performance Report information provided in this section is presented by the following Treasury mission areas:

- **Economic Mission:** Promote Prosperous and Stable American and World Economies
- **Financial Mission:** Effectively Manage the Government's Finances
- **Enforcement Mission:** Protect our Financial Systems and our Nation's Leaders, and Foster a Safe and Drug-Free America
- **Management Mission:** Continue to Build a Strong Institution

Treasury continues to refine its performance measures, striving specifically to present measures of program *results* rather than the traditional output-oriented or workload measures. Consequently, many of the measures in the FY 1995 - FY 1997 columns of the performance measures table presented differ from the measures proposed for FY 1998 and FY 1999. As this iterative process continues, we expect to make further improvements for the FY 2000 budget. We welcome feedback from our stakeholders and customers concerning how to best measure the success of our programs. (Comments can be provided via the Internet comments@treas.sprint.com, or in writing to the Office of Strategic Planning, 1500 Pennsylvania Avenue, N.W., Washington, DC 20220.)

Performance Plans for FY 1998 and FY 1999

Treasury's FY 1998 and FY 1999 Performance Plans contain 352 performance targets defining what will be accomplished during each a fiscal year. Comparing the FY 1998 plan with the FY 1999 plan, Treasury expects to realize improvement in 33% of its performance targets across its four mission areas as depicted in the graph below:



Note: 29 measures and 8 improvements in the Economic Mission, attributed to the Office of the Comptroller of the Currency and the Office of Thrift Supervision, are not included in the above figures because both operate on a calendar year ending December 31st.

Some of the expected improvements include:

- o IRS - The establishment of an IRS customer satisfaction measurement program to periodically survey customers in each of its major business lines. IRS will use the results to improve service to taxpayers. Next year's FY 1998 Performance Report will include the baseline data from this effort.
- o IRS - An increase in Taxpayer Telephone Access to 86% of calls in FY 1999 (based on the new IRS/GAO methodology which shows calls successfully getting into IRS's routing system divided by the number of call attempts). This will continue the trend of significant improvements in this crucial aspect of service to the taxpayers from 30% in FY 1996, to 65% in FY 1997, and up to a projected level of 70% in FY 1998.
- o Customs Service - An increase in the targeting efficiency to 11 in FY 1999. The targeting efficiency is an estimate of how well Customs is selecting air passengers and vehicles for inspection. A targeting efficiency of 11 means that Customs plans to find 11 times as many violations using its targeting criteria as it would have if it simply selected vehicles at random. This will continue the trend of improvement from a targeting efficiency of 9 in FY 1997 and of 10 in FY 1998.

- o Customs Service - An increase in the overall compliance rate of imported goods from 84% in FY 1998 to 85% in FY 1999. The compliance rate is a measure of industry compliance with United States trade laws determined by an intensive examination and analysis of a random sample of merchandise entering the U.S. This will continue the trend of improvements in this area from 80% in FY 1995, to 82% in FY 1996, and to 82.7% in FY 1997.
- o Bureau of Public Debt - Improvements in the speed at which Savings Bonds customer service transactions are processed. In 1999, the bureau plans to complete 90% of customer service transactions in four weeks, up from 80% in 1998, and 70% in 1997.
- o Financial Management Service - An increase to an estimated \$26 million savings in FY 1999 by reducing the number of paper check payments and increasing the number of payments made electronically. This continues the trend of calculated savings of \$5.7 million in FY 1996, \$11 million in FY 1997, and \$860 thousand in FY 1998.

Performance Report for FY 1997

The FY 1997 Performance Report compares performance targets established for FY 1997 to actual levels of performance, with explanations provided for significant variances.

In total, the Department:

- Met or exceeded its targets for 186 measures (65.2%);
- Did not achieved the target for 84 measures (29.4%) but, for 27 (9.5%) of these, performance improved over the FY 1996 levels;
- Determined that either reliable data on actual performance was not available or no performance target was provided in the final FY 1997 plan for the final 15 (5.2%) measures.

Many of the positive results were in programs of particular importance to the Department, such as taxpayer telephone access and refund timeliness in the Internal Revenue Service, and passenger processing and trade compliance in the Customs Service. There is still considerable work needed to refine many of our measures to make them more useful in the decision making process, and to improve the timeliness and accuracy of our information systems that capture and report performance data.

Additional highlights of our FY 1997 Performance Report by mission area are included as the last part of this section.

DEPARTMENT OF THE TREASURY
SUMMARY PERFORMANCE PLANS FOR FY 1999 AND 1998
AND SUMMARY PERFORMANCE REPORT FOR FY 1997

LEGEND:

- NA (not applicable) is shown for workload measures in the FY 1997 performance plan column.
- NT (no target) indicates that this measure was/is included in the performance plan but no target was/is available.
- ND (no data) indicates that a target for this measure was included in the FY 1996 final performance plan but actual data is not available.
- NF (not fiscal year) indicates that actual performance results data is not available in time for this report. The Office of the Comptroller of the Currency and the Office of Thrift Supervision operate on a calendar year ending December 31st.
- Shading indicates that a measure was, is, or will not be in use in that fiscal year.
- Workload measures (shown in *italics*) are included to provide a context for performance measures.

For further information about bureau performance, including detailed definitions for performance measures, please refer to Treasury's FY 1999 Justification of Appropriations document which includes a full performance report for FY 1997 and full performance plans for FY 1998 and FY 1999.

Summary Performance Measures and Workload Trends by Treasury Mission Area	FY 1995 Actual	FY 1996 Actual	FY 1997 Final Performance Plan	FY 1997 Actual	FY 1998 Final Performance Plan	FY 1999 Initial Performance Plan
<i>Economic Mission: PROMOTE A PROSPEROUS AND STABLE AMERICAN AND WORLD ECONOMY</i>						
Departmental Offices						
Number of treaties sent to Congress to facilitate trade and investment		3	5	4		
Economic conditions in developing countries measured by quantitative indicators					Maintain or Improve	Maintain or Improve
Economic conditions of foreign countries which are major U.S. trading partners measured by growth rate					Maintain or Improve	Maintain or Improve
United States Customs Service						
Estimated compliance rate (estimate of % of all import entries that contain no discrepancy)	80.0%	82.0%	85.0%	82.7%	84.0%	85.0%
Overall discrepancy rate cargo (rate of discrepancies found in targeted inspections)	14.4%	14.9%	15%	14.3%		
% of cargo entries paperless (electronic data exchange rather than paper)	36.1%	36.2%	42.0%	37.8%		
Office of the Comptroller of the Currency (Calendar year basis)						
Percentage of examinations started on schedule	91%	87%	100%	89%	100%	NT

DEPARTMENT OF THE TREASURY
SUMMARY PERFORMANCE PLANS FOR FY 1999 AND 1998
AND SUMMARY PERFORMANCE REPORT FOR FY 1997

Summary Performance Measures and Workload Trends by Treasury Mission Area	FY 1995 Actual	FY 1996 Actual	FY 1997 Final Performance Plan	FY 1997 Actual	FY 1998 Final Performance Plan	FY 1999 Initial Performance Plan
National bank assessments compared to national bank overhead expenses	.76%	.72%	.71%	NF	.70%	NT
Office of Thrift Supervision (Calendar year basis)						
The % examined thrifts rating the value of the examination process as satisfactory or better.	96.4%	98%	90%	NF	90%	NT
The % scheduled thrifts that received each type of examination						
Safety and soundness						
Compliance	96.8%	98.2%	95%	NF	95%	NT
Holding Company	85.4%	99.7%	95%	NF	95%	NT
Electric Data Processing	90.6%	96.7%	85%	NF	85%	NT
Trust	85.0%	78.6%	80%	NF	80%	NT
	71.4%	90.9%	75%	NF	75%	NT
Community Development Financial Institutions Fund						
Number of CDFIs receiving assistance		31	NT	48	51	56
Total volume of new activity within distressed communities by insured depository institutions (\$M)		\$60.1	NT	\$82.8	\$100.0	\$110.0
<i>Financial Mission: EFFECTIVELY MANAGE THE GOVERNMENT'S FINANCES</i>						
Departmental Offices						
Provide minimum operational cash needs for the Federal government, and maximize investments in the short term investment system			Daily, min. cash, max. investments	100%		
Timely predict when the debt ceiling will be reached in order to avoid a crisis			No crisis	No crisis		
Index of calculating interest rates within one day of required pricing data		100%	100%	100%	100%	100%
Financial Management Service						
<i>Payments</i>						
Workload: % change in the number of electronic payments from the FY 1996 baseline (449.441M payments)		baseline	NA	9.9%	18.1%	41.7%

DEPARTMENT OF THE TREASURY
SUMMARY PERFORMANCE PLANS FOR FY 1999 AND 1998
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Summary Performance Measures and Workload Trends by Treasury Mission Area	FY 1995 Actual	FY 1996 Actual	FY 1997 Final Performance Plan	FY 1997 Actual	FY 1998 Final Performance Plan	FY 1999 Initial Performance Plan
% of payments and associated data made electronically	50%	53%	55%	58%	60%	70%
Government dollar savings by reducing the number of check payments (\$M)		\$5.77M	\$6.37M	\$11.00M	\$.86M	\$26.00M
% of checks that are released for on-time delivery	99.9%	99.99%	99.99%	99.99%	99.99%	99.99%
<i>Collections</i>						
\$ value of electronic collections as a percentage of total collections ¹	25%	57% %	74%	52%	74%	65%
<i>Government-wide Accounting</i>						
% of days the Daily Treasury Statement is released on time	98.5%	95%	97%	97%	98%	99%
<i>Debt Collection</i>						
% of Federal Program Agencies with debt servicing requirements which have referred their debts in compliance with the Debt Collection Act of 1996	NA	18%	25%	46%	30%	35%
% increase over the FY 1997 baseline of FMS managed government-wide collected delinquent debt			baseline	baseline established \$1.5M	5%	15%
Bureau of Alcohol, Tobacco, and Firearms						
Total Taxes and Fees Collected (\$B)	\$12.70	\$12.70	\$11.8	\$12.70	\$12.80	\$12.80
Bureau of Engraving and Printing						
<i>Workload: % change in Federal Reserve note orders from the FY 1995 baseline (9.9M notes)</i>	baseline	-5.1%	NA	-0.3%	-7.1%	-4.0%
Currency spoilage -- % of total units printed	4.8%	5.5%	5.5%	5.2%	6.0%	6.0%
<i>Workload: % change in postage stamp orders from the FY 1995 baseline (25M stamps)</i>	baseline	-1.6%	NA	-1.2%	-12.0%	-28.0%
Postage stamp spoilage -- % of total units printed		11.7%	11.5%	10.7%	11.0%	11.0%
% change in bureau productivity from prior year	-2.9%	3.0%	+	4.7%		
Manufacturing Cost for Currency (cost per 1000 notes)	\$18.25	\$20.03	\$19.43	\$18.65	\$23.80	\$23.80

DEPARTMENT OF THE TREASURY
SUMMARY PERFORMANCE PLANS FOR FY 1999 AND 1998
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Summary Performance Measures and Workload Trends by Treasury Mission Area	FY 1995 Actual	FY 1996 Actual	FY 1997 Final Performance Plan	FY 1997 Actual	FY 1998 Final Performance Plan	FY 1999 Initial Performance Plan
Manufacturing Cost for Stamps - 100 Stamp Flag Coil (cost per 1000 stamps)		\$1.35	\$1.39	\$1.36	\$1.33	\$1.33
United States Mint						
<i>Workload: % change in Federal Reserve requests for coinage from the FY 1995 baseline (19.6B coins)</i>	baseline	-0.5%	NA	-19.9%	-28.6%	-34.2%
Frequency of time that actual coin demand is within a 95% confidence interval of the coin demand forecast			100%	100%		
Frequency of time within 90% confidence interval of the coin demand forecast				100%	100%	100%
Shipment of commemorative coins within 4 weeks and recurring coins within 3 weeks of order date					98%	98%
<i>Workload: % change in \$ sales of numismatic and investment products (includes commemoratives, collectors, bullion coins and precious metals) from the FY 1995 baseline (\$393M)</i>	baseline	-16.6%	NA	5.4%	-22.4%	-5.7%
Numismatic/bullion profits and surcharges as a % of sales of numismatic and investment products	6.2%	6.2%	7.0%	6.3%		
Numismatic/bullion contribution margin			10.0%	9.8%	10.0%	10.0%
Losses as a % of reserve value	0.0006%	0.00005%	0.001%	0.0001%	0.001%	0.001%
Bureau of Public Debt						
% of savings securities issued within three weeks through Regional Delivery System	99.98%	99.00%	95.0%	99.9%	95.0%	95.0%
% customer service requests:						
completed within 4 weeks (savings bonds)			70%	88%	80%	90%
completed within 3 weeks (marketable securities)		94.7%	90.0%	94.7%	90.0%	90.0%
% auction results completed within 60 minutes		97%	90%	90%	90%	90%
Internal Revenue Service						

DEPARTMENT OF THE TREASURY
SUMMARY PERFORMANCE PLANS FOR FY 1999 AND 1998
AND SUMMARY PERFORMANCE REPORT FOR FY 1997

Summary Performance Measures and Workload Trends by Treasury Mission Area	FY 1995 Actual	FY 1996 Actual	FY 1997 Final Performance Plan	FY 1997 Actual	FY 1998 Final Performance Plan	FY 1999 Initial Performance Plan
<u><i>Improve Customer Service</i></u>						
Telephone access (calls into IRS's call routing system divided by number of call attempts)		29.9%	60.2%	65.1%	70.0%	86.0%
Tax law % accuracy on assisted telephone calls			92.0%	96.1%	96.0%	96.0%
Customer satisfaction rate (all business lines) ²					NT	TBD
Employee satisfaction rate ²					NT	TBD
Taxpayer burden cost for IRS to collect \$100	\$9.09	\$8.66	\$8.35	\$8.52	\$8.53	\$8.55
Initial contact resolution rate				78.8%	73%	73%
Average refund time (days):						
Paper	36	38	40	38		
Electronic	21	15.5	21	14.5		
<u><i>Increase Compliance</i> ³</u>						
% of true tax liability collected	87.4%	87.3%	86.7%	87.3%	87.4%	87.4%
Total net revenue collected (trillions)	\$1.270	\$1.376	\$1.470	\$1.504	\$1.575	\$1.642
<u><i>Increase Productivity</i></u>						
Budget cost to IRS to collect \$100	\$0.59	\$0.53	\$0.50	\$0.48	\$0.47	\$0.49
Customers successfully served per dollars expended					NT	TBD
% of dollars received via third party processors (lockboxes)			65.3%	70.9%		
% of dollars received electronically			24.7%	40.6%		
% of returns filed electronically	8.0%	10.2%	13.0%	15.9%		
<u><i>IRS Mission Effectiveness Indicator</i></u>						
Collecting the proper amount of tax revenue at the least cost: tax revenue less the cost of the IRS budget and less the cost of the taxpayer tax return completion burden, divided by tax liability (the closer to 100%, the greater the efficiency)	78.9%	79.3%	79.0%	79.5%	79.5%	79.5%
<i>Law Enforcement Mission: PROTECT OUR FINANCIAL SYSTEMS AND OUR NATION'S LEADERS, AND FOSTER A SAFE AND DRUG-FREE AMERICA</i>						
Departmental Offices						

DEPARTMENT OF THE TREASURY
SUMMARY PERFORMANCE PLANS FOR FY 1999 AND 1998
AND SUMMARY PERFORMANCE REPORT FOR FY 1997

Summary Performance Measures and Workload Trends by Treasury Mission Area	FY 1995 Actual	FY 1996 Actual	FY 1997 Final Performance Plan	FY 1997 Actual	FY 1998 Final Performance Plan	FY 1999 Initial Performance Plan
% reduction of backlogged financial transfer applications of Office of Foreign Assets Control (OFAC)		14% reduction	10% reduction	2% reduction	10% reduction	10% reduction
% reduction of backlogged OFAC civil monetary penalty cases in inventory			10% reduction	40% reduction	10% reduction	10% reduction
Forfeiture Fund						
Number of days required to process equitable sharing payments	247	308	284	250	256	230
Number of days elapsing between forfeiture of property and disposal	218	246	234	300	222	200
Financial Crimes Enforcement Network						
Workload: % change in the number of queries on the Gateway system from the FY 1995 baseline of 35,000 queries	baseline	42.9%	NA	64.7%	63,000 queries	
Number of efforts made to analyze information received through the Suspicious Activity Reporting system	NA	25,215	55,000	59,795	60,000	
Number of interagency matches (advisories that notify an agency that another agency has an interest in the same subject)	1,200	670	750	920	900	
Number of targets identified through the use of artificial intelligence	485	1,032	1,350	867	1,755	
Number of presentations provided to enhance outreach efforts	ND	112	130	273	150	
Number of FinCEN case lab intelligence products resulting from law enforcement community partnerships	NA	9	13	49	20	
Number of assessments that provide an analysis of the money laundering in a country or region	ND	20	25	25	30	
Number of efforts to determine vulnerabilities of rapidly advancing technologies	NA	20	50	52	60	
Number of queries using FinCEN's Gateway Platform	35,000	50,015	55,000	57,633	63,000	65,000

DEPARTMENT OF THE TREASURY
SUMMARY PERFORMANCE PLANS FOR FY 1999 AND 1998
AND SUMMARY PERFORMANCE REPORT FOR FY 1997

Summary Performance Measures and Workload Trends by Treasury Mission Area	FY 1995 Actual	FY 1996 Actual	FY 1997 Final Performance Plan	FY 1997 Actual	FY 1998 Final Performance Plan	FY 1999 Initial Performance Plan
Number of law enforcement and regulatory personnel provided a platform to do research				49	65	85
% reduction to the reporting burden by banks resulting from elimination or reformulation of unnecessarily burdensome information collection rules and compliance requirements				5%	5%	5%
Number of enhancements to the secure website used by FinCEN's international financial intelligence unit counterparts				2	5	5
Federal Law Enforcement Training Center						
Student survey on quality of basic training (scale of 0 - 6, with 6 being highest quality)	4.7	5.5 ⁴	5.0 ⁴	5.4	5.0	5.0
Variable Unit Cost Per Basic Student-Week of Training Funded	\$145	\$150	\$155	\$127	\$137	\$151
Student survey of quality of services (scale 1 - 5, with 5 being the highest quality)	4.4	4.3 ⁴	4.0 ⁴	4.0	4.0	4.0
Conduct 100% of Actual Basic Training Requested					100%	100%
Bureau of Alcohol, Tobacco and Firearms						
Accomplish 150,000 traces and respond in 12 working days	79,777	116,674	150,000	191,378	225,000	275,000
Crime Related Costs Avoided (\$B)				.93	\$1.0	\$1.0
Average trace response time (in working days)	11.5	9.4	12.0	13.5	12.0	10.0
United States Secret Service						
Number of credit card fraud/access device cases closed	3,465	2,957	3,600	2,497	3,000	3,000
Amount of counterfeit notes seized - domestic (\$M)	\$75.3M	\$63.7M	\$65M	\$40.4M	\$45M	\$45M
Financial institutions fraud cases closed	1,927	2,143	2,500	2,462	3,000	3,000
United States Customs Service						
Seizures of heroin, cocaine, marijuana (pounds in 000s)	819.1	958.7	973.0	886.4	953.0	943.0

DEPARTMENT OF THE TREASURY
SUMMARY PERFORMANCE PLANS FOR FY 1999 AND 1998
AND SUMMARY PERFORMANCE REPORT FOR FY 1997

Summary Performance Measures and Workload Trends by Treasury Mission Area	FY 1995 Actual	FY 1996 Actual	FY 1997 Final Performance Plan	FY 1997 Actual	FY 1998 Final Performance Plan	FY 1999 Initial Performance Plan
Seizures of currency (\$M, outbound only)	\$44.0M	\$49.0M	\$48.0M	\$55.2M	\$57.0	\$59.0
Passenger vehicle targeting efficiency (Violations found in targeted exams divided by violations found in random exams-air passengers)		9.1	10.0	9.0	10.0	11.0
Compliance Rate (Air Travel)				97.6%	98.0%	98.5%
Air Passenger Cycle Time (in minutes)		5	5	5	5	5
Management Mission: CONTINUE TO BUILD A STRONG INSTITUTION						
Treasury-wide						
% of Treasury bureaus in compliance with GPRA		6%	100%	82%	100%	100%
% of Treasury programs serving the public with customer service standards and reliable feedback mechanisms		90%	100%	97%	100%	100%
Audit opinion on the consolidated Treasury-wide financial statements					Qualified Opinion	Unqualified Opinion
Increase productivity savings through improved information technology management practices			save 5%	ND		
Office of the Inspector General						
Potential \$ savings identified (\$M)		\$25,939M	\$27,000M	\$60,902M	\$28,500M	\$30,000M
% of OIG program audit recommendations implemented within one year by Departmental and bureau managers						70%
Number of referrals to other OIG components resulting from financial statement audit work		13	17	20	21	
% of Reports of Investigation that do not require supplemental or follow-up (a measure of quality)			90%	91%	91%	92%
% of Reports of Investigation completed within one year (a measure of timeliness)			50%	51%	50%	55%

DEPARTMENT OF THE TREASURY
SUMMARY PERFORMANCE PLANS FOR FY 1999 AND 1998
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Summary Performance Measures and Workload Trends by Treasury Mission Area	FY 1995 Actual	FY 1996 Actual	FY 1997 Final Performance Plan	FY 1997 Actual	FY 1998 Final Performance Plan	FY 1999 Initial Performance Plan
Number of integrity/fraud awareness briefings presented to Treasury employees		20	25	32	30	32
Notes: ¹ FMS - Data is not comparable. FY 1997 goal was calculated on a base which omitted some collections. The FY 1997 actual data and subsequent actual data are based on total collections. ² IRS - These measures are under development. They will involve surveys of customers for all major IRS business lines and employees in order to monitor -- and guide efforts to improve -- satisfaction rates. ³ IRS - The following measures were included in the FY 1997 plan but not in this report: Service-wide enforcement revenue collected, Service-wide enforcement revenue protected, and Service-wide audit coverage. The Department has discontinued the use of these measures as part of its efforts to ensure an even stronger emphasis on ensuring high quality customer service. ⁴ FLETC - The performance targets identified in the final FY 1997 performance plan were revised during the FY 1998 budget committee hearings.						

Department of the Treasury FY 1997 Performance Report Treasury-wide Summary

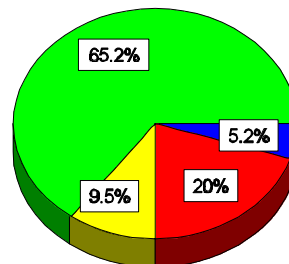
The purpose of Treasury's planning efforts is to improve *results* delivered to the American public. Last year, two years ahead of the Government Performance and Results Act's requirements, the Department transmitted to the Congress, as part of the budget, a performance plan for FY 1997 which detailed 285 performance targets for Treasury bureaus linked to their strategic plans.

In total, the Department:

- Met or exceeded its targets for 186 measures (65.2%);
- For 84 measures (29.4%), did not achieve the target; but, for 27 (9.5%) of these, performance improved over the FY 1996 levels;
- For the final 15 (5.2%) measures, determined that either reliable data on actual performance was not available or no performance target was provided in the final FY 1997 plan.

Treasury Totals

285 Performance Measures



- Targets Met Or Exceeded
- Targets Not Met But Exceeded FY 1996
- Targets Not Met
- Targets With Insufficient Data To Report

Many of the positive results were in programs of particular importance to the Department, such as taxpayer telephone access and refund timeliness in the Internal Revenue Service, and passenger processing and trade compliance in the Customs Service. There is still considerable work needed to refine many of our measures to make them more useful in the decision making process, and to improve the timeliness and accuracy of our information systems that capture and report performance data.

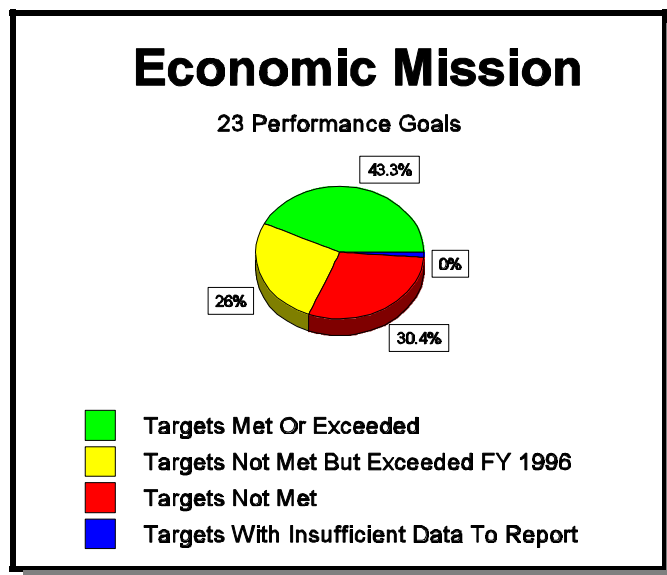
The following pages present summary performance reports and highlights by Treasury's four mission areas.

FY 1997 Performance Report Mission Area Summary

MISSION: Promote Prosperous and Stable American and World Economies

This mission area covers Treasury's role in maximizing the potential of the U.S. and world economies for growth and stability. It includes, in the domestic area, the development of policy and guidance affecting fiscal policy, financial institutions, financial regulation, and capital markets. In the international arena, the development of policies and guidance affecting international monetary affairs, trade and investment policy, international debt strategy, and U.S. participation in international financial institutions.

This mission area is supported by programs managed by many of the Departmental Offices (DO) policy offices, Office of the Comptroller of the Currency (OCC), Office of Thrift Supervision (OTS), Community Development Financial Institutions Fund (CDFI), and U. S. Customs Service (USCS) trade programs.



FY 1997 Highlights:

Target - Attain 42% Paperless Commercial Entries.

Result - Target Not Met. The percentage of commercial entries that were received electronically in the Automated Commercial System during FY 1997 was 37.8%. Although the FY 1997 target was not achieved, the FY 1996 actual was exceeded by 1.6%. [USCS]

Target - Achieve an Estimated Compliance Rate of 85% of All Import Entries That Contain No Discrepancies.

Result - Target Not Met. A compliance level of 82.8% was achieved. USCS expended a great deal of effort in FY 1997 to ensure thorough random examinations were performed. A lower overall compliance level resulted. In the area of compliance with trade laws, USCS has identified 13 Primary Focus Industries (PFI). Targets in 38% of the PFIs were achieved and 23% of the remaining unmet targets were improvements over FY 1996 levels. [USCS]

Target - Forward Five Tax Treaties to Congress to Facilitate Trade and Investment.

Result - Target Not Met. The Government expected to negotiate five tax treaties with targeted countries by the end of FY 1997. While the target of five was not met, four full treaties and a protocol were signed and submitted to the Senate for advice and consent. [DO]

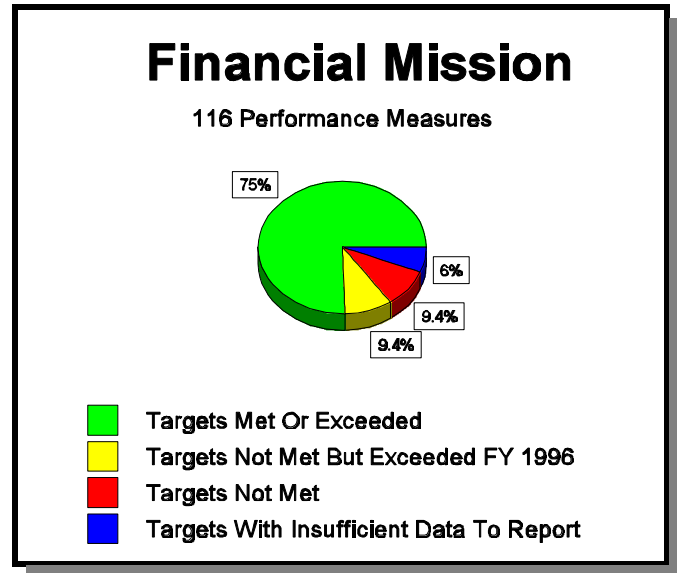
FY 1997 Performance Report

Mission Area Summary

MISSION: Manage the Government's Finances

This mission area covers Treasury's role in managing the Nation's finances by collecting taxes, tariffs and other debts (totaling 98% of the government's revenue), making Federal payments, managing Federal borrowing, performing central accounting functions, and producing coins and currency sufficient to meet demand.

This mission is supported by programs managed by DO's Office of Tax Policy, Domestic Finance, IRS, the tax and tariff programs in USCS, the Bureau of Alcohol, Tobacco and Firearms (ATF), the Financial Management Service (FMS), the Bureau of Public Debt (BPD), the Treasurer, the United States Mint, and the Bureau of Engraving and Printing (BEP).



FY 1997 Highlights:

Target - Increase the Percentage in Number of Electronic Payments from the FY 1996 Baseline by 7.1%.

Result - Target Exceeded. The actual achieved was 9.9%, representing a total of 494 million payments in FY 1997 as measured against the FY 1996 baseline of 449 million. [FMS]

Target - Achieve \$6.37 Million Dollar Savings to the Government by Reducing the Number of Check Payments.

Result - Target Exceeded. The calculated savings at 28.68 cents per payment resulted in an actual estimate of \$11 million in FY 1997 compared to the FY 1996 volume on year-to-year change. [FMS]

Target - Issue 95% of Savings Securities Through the Regional Delivery System Within 3 Weeks.

Result - Target Exceeded. The actual results, measured as the length of time from customer purchase of over-the-counter savings bonds from more than 40,000 financial institutions locations to mailing by the Federal Reserve System, exceeded both the FY 1997 target (and FY 1996 performance of 99.0%) with actual results of 99.9%. [BPD]

FY 1997 Performance Report

Mission Area Summary

MISSION: Manage the Government's Finances -- Continued

Target - Increase the Percentages of Customer Service Requests Completed Within Established Targets.

Result - Targets Exceeded. 88% of savings bonds requests were completed within four weeks versus a goal of 70%. A total of 94.7% of marketable securities requests were completed within 3 weeks versus a goal of 90.0%. [BPD]

Target - Increase Taxpayer Telephone Access to 60.2%.

Result - Target Exceeded. During FY 1997, IRS and GAO developed a compromise methodology to measure taxpayer access to IRS telephone customer service (the percentage of taxpayer calls getting into IRS's call routing system). Under this new methodology, IRS answered 65% of calls during FY 1997 -- up from 30% in FY 1996. It achieved this increase while also increasing its estimated answer accuracy rate from 92% in FY 1996 to 96% and increasing the number of calls answered by 4.8% over FY 1996. This success was achieved through improved work practices and call routing capabilities, and by diverting staffing from other functions. [IRS]

Target - Issue Tax Refunds in an Average of 40 Days for Paper Returns and 21 Days for Electronic Returns.

Result - Target Exceeded. In FY 1997, IRS provided refunds in an average of 38 days for paper returns and 14.5 days for electronic returns. In FY 1996, these averages were 38 days for paper and 15.5 days for electronic returns. [IRS]

Target - Increase Returns Filed Electronically to 13%.

Result - Target Exceeded. In FY 1997, 15.9% of returns were filed electronically. The FY 1996 actual was 10.2%. This increase was achieved through growing use of both Telefile and traditional electronic filing. [IRS]

Note: A number of IRS performance measures from FY 1997 have been dropped in the FY 1998 plan to avoid the appearance of encouraging inappropriate behavior by IRS employees (e.g., "Field Exam Dollars Recommended per FTE" might be seen as a per employee quota). IRS and the Department are working together to develop an improved measurement system that will reward IRS managers for providing consistently first-rate service to the American public. This measurement system will include customer satisfaction surveys for all major IRS products. [IRS]

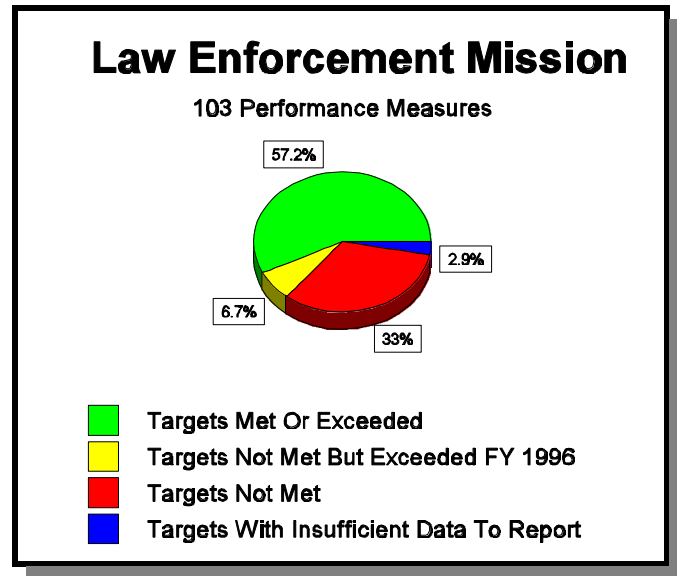
FY 1997 Performance Report

Mission Area Summary

MISSION: Protect Our Financial Systems and Our Nation's Leaders, and Foster a Safe and Drug-Free America

Treasury's efforts in this mission area, which represents 40% of Federal law enforcement efforts, help foster a safer nation by protecting our borders, preventing drug smuggling, combating violent crime, suppressing counterfeiting, fighting money laundering, preventing financial crimes against the currency of the United States, and training the vast majority of Federal law enforcement personnel.

This mission is supported by the United States Customs Service Enforcement Programs, ATF, the United States Secret Service (USSS), the Financial Crimes Enforcement Network (FinCEN), the Criminal Investigation Division of the IRS, the Federal Law Enforcement Training Center (FLETC), and the Treasury Forfeiture Fund (TFF).



FY 1997 Highlights:

Target - Identify 750 Interagency Matches.

Result - Target Exceeded. The target was 750 matches; the actual was 920. Interagency matches are advisories that notify an agency that another agency may have an interest in the same subject allowing for collaboration and faster resolution to each investigation. [FinCEN]

Target - Complete Disposals of Forfeited Real Property Within 7.8 Months (234 Days).

Result - Target Not Met. For FY 1997 the disposal period averaged 11 months as compared to 7.8 months in 1996 and 7.2 months in 1995. The FY 1997 target of 7.8 months was not met due to the elimination of "problem" properties from the inventory, which on average took considerably longer to dispose of than the more routine properties. [TFF]

Target - Attain a 4.8 Average Student Survey Rating on the Quality of Basic Training.

Result - Target Exceeded. While workload has increased 200% since 1994, the FLETC exceeded its goal by receiving a 5.4 rating on a scale of 0 to 6 for the quality of training being provided. [FLETC]

FY 1997 Performance Report

Mission Area Summary

MISSION: Protect Our Financial Systems and Our Nation's Leaders, and Foster a Safe and Drug-Free America -- Continued

Target - Achieve a \$155.00 Variable Unit Cost per Basic Student Week of Training.

Result - Target Exceeded. During FY 1997, the unit cost per basic student week of training was \$127.00, \$28.00 below the target and \$23.00 below FY 1996 unit cost. The reason for this savings was that contracts were awarded at a lower cost than projected. [FLETC]

Target - Air Passenger Cycle Time of 5 Minutes.

Result - Target Met. For air travel, the average time for 95% of air passengers to clear Customs, from checked baggage retrieval to exit, was 5 minutes as planned. [USCS]

Target - Achieve an "Estimated Targeting Efficiency" of 10.

Result - Target Met. The targeting efficiency is an estimate of how well Customs is selecting air passengers and vehicles for inspection. A targeting efficiency of 10 means that Customs found 10 times as many violations using its targeting criteria as it would have if it simply selected vehicles at random. [USCS]

Target - Decrease the Number of Counterfeit Notes Passed.

Result - Target Exceeded. For counterfeit notes passed on to the public, the Secret Service's target was \$46,000,000 (\$31,000,000 - Domestic and \$15,000,000 - Foreign); the actual amount passed was \$34,689,029 (\$31,750,859 - Domestic and \$2,938,170 - Foreign). [USSS]

FY 1997 Performance Report Mission Area Summary

MISSION: Continue to Build a Strong Institution

This fourth mission area -- management -- focuses on the continued emphasis on a strong and efficient organization in order to succeed in accomplishing program goals. This mission area affects all bureaus. It includes objectives under the goal to improve management operations which address Human Resource Management, Equal Employment Opportunity (EEO), bureau oversight responsibilities, financial management, information technology, and procurement. Under the goal of improving program performance, are objectives to improve customer service, fostering partnerships, and modernization.



FY 1997 Highlights:

Target - Attain a Clean Audit Opinion for at least One More Treasury Bureau than for the Previous Fiscal and Calendar Year.

Result - Target Exceeded. Treasury continued its efforts to improve financial management of the Department. Two more clean audit opinions (a total of 13) over the previous year were achieved, exceeding the established target. [All Treasury Bureaus]

Target - Achieve 100% of Treasury Bureaus in Compliance with the Results Act.

Result - Target Not Met. Treasury continued to implement aspects of the Results Act ahead of schedule in order to use it as a tool to help improve program performance and management. The only legal requirement for FY 1997 was the strategic plan element where Treasury bureaus were 99% compliant. Factoring in additional requirements which do not take affect until FY 1998 and beyond, the level of compliance was 82%. [All Treasury Bureaus]

Target - Achieve 100% of Treasury Programs Serving the Public with Customer Service Standards and Reliable Feedback Mechanisms.

Result - Target Not Met. Treasury achieved 97%, up from the FY 1996 actual of 90%. As part of Treasury's efforts to improve service to the public, a goal of 100% was set for bureaus to have customer service standards in place and reliable feedback mechanisms established. This goal was almost met, with one remaining bureau to develop standards for its last two customer groups during FY 1998. Treasury recognizes that some of the feedback mechanisms need improvement. [All Treasury Bureaus]

DEPARTMENTAL OFFICES**SALARIES & EXPENSES**

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	114,771	997
TRANSFER (P.L. 105-119) -- Department of State FY 1998 Appropriation, International Cooperative Administrative Support Services (ICASS)	784	---
FY 1998 PROPOSED AUTHORIZED LEVEL	115,555	997
CHANGES PROPOSED FOR FY 1999:		
! Program Changes	1,157	---
! Workload Adjustment	3,430	33
! Adjustments for Mandatory Cost Increases	3,704	---
TOTAL FY 1999 CHANGES	8,291	33
FY 1999 PRESIDENT'S BUDGET	123,846	1,030

Amount (\$000s)	Direct FTE
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Highlights of FY 1998 Budget Changes

Transfer from State Department: Transfer from State Department for International Cooperative Administrative Support Services as provided for in P.L. 105-119 (\$784 and 0 FTE).	784	---
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Highlights of FY 1999 Budget Changes

Program Changes: Increases are proposed for: 1) establishing a Treasury Strategic Operations Center for emergency operations (\$782 and 0 FTE) and 2) enhancing oversight of administrative functions through organizational and management reviews (\$375 and 0 FTE).	1,157	--
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DEPARTMENTAL OFFICES**SALARIES & EXPENSES****Highlights of FY 1999 Budget Changes**

	Amount (\$000s)	Direct FTE
Workload Adjustments: Funds are requested for workload increases in the following areas: 1) Tax and Economic Policy to respond to tax related regulatory issues and efforts to examine the financial health of entitlement programs (\$725 and 6 FTE); 2) International Affairs to monitor global crisis of emerging financial markets and efforts to protect U.S. interests in international trade (\$499 and 5 FTE); 3) Enforcement - Office of Foreign Asset Control to increase efforts related to the use of economic sanctions to combat Terrorism and Narcotics Interdiction (\$866 and 8 FTE); 4) Enforcement Policy to provide coordinated approach to Southern Border, international crime, international training, and other emerging issues (\$801 and 8 FTE); 5) Fiscal and Financial Services to strengthen oversight of Debt Collection Improvement Act implementation, government-wide financial management, and community development issues (\$239 and 3 FTE); and 6) Treasury-wide policies to strengthen recruitment and other human resource activities (\$300 and 3 FTE).	3,430	33
Adjustments for Mandatory Cost Increases: Funds are requested for: 1) the FY 1999 costs of the January 1998 pay increase (\$547 and 0 FTE); 2) the proposed January 1999 pay raise (\$1,749 and 0 FTE); 3) other labor related benefits (\$543 and 0 FTE); and 4) non-labor items such as contracts, travel, supplies, equipment, and GSA rent adjustments for newly occupied space and security surcharges(\$865 and 0 FTE).	3,704	---

DEPARTMENTAL OFFICES
TREASURY BUILDINGS AND ANNEX REPAIR AND RESTORATION

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	10,484	---
CHANGES PROPOSED FOR FY 1999:		
! Program Changes	16,516	---
TOTAL FY 1999 CHANGES	16,516	---
FY 1999 PRESIDENT'S BUDGET	27,000	---

Highlights of FY 1999 Budget Changes

Program Changes: Funds are requested to continue the repair and restoration of the Treasury building due to increased scope of this project. Assessments of the overall condition of the main Treasury building completed in conjunction with the fire has made it necessary to take a more comprehensive approach to renovation and modernization of this historic building (\$16,516 and 0 FTE).

16,516 ---

**DEPARTMENTAL OFFICES
OFFICE OF PROFESSIONAL RESPONSIBILITY**

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	1,250	13
CHANGES PROPOSED FOR FY 1999:		
! Program Annualizations	374	---
! Adjustments for Mandatory Cost Increases	30	---
TOTAL FY 1999 CHANGES	404	---
FY 1999 PRESIDENT'S BUDGET	1,654	13

Highlights of FY 1999 Budget Changes

Program Annualizations: Funds are requested to annualize the portion of this program (\$374 and 0 FTE) that was funded from FY 1997 unobligated balances in FY 1998.	374	---
Adjustments for Mandatory Cost Increases: Funds are requested for: 1) the FY 1999 costs of the January 1998 pay increase (\$6 and 0 FTE); 2) the proposed January 1999 pay raise (\$22 and 0 FTE); and 3) non-labor items such as contracts, travel, supplies, and equipment (\$2 and 0 FTE).	30	---

***TREASURY-WIDE
AUTOMATION ENHANCEMENT***

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	25,889	---
CHANGES PROPOSED FOR FY 1999:		
! Program Changes	11,763	---
! Reductions, Nonrecurring Costs, and Savings	-700	---
! Reductions Replaced by Reimbursement	-3,000	---
TOTAL FY 1999 CHANGES	8,063	---
FY 1999 PRESIDENT'S BUDGET	33,952	---

Highlights of FY 1999 Budget Changes

Program Changes: Funds are requested for: 1) Human Resources Re-engineering efforts (\$5,801 and 0 FTE); 2) Improve government business practices by the development of: Foreign Credit Reporting System (\$1,000 and 0 FTE), Simplified Tax and Wage Reporting System (STAWRS) (\$1,500 and 0 FTE) and Treasury Vehicle Management System (\$1,000 and 0 FTE); 3) Improve Treasury Information Technology Management by: continuing efforts to monitor bureaus Year 2000 Compliance and developing a Treasury Standard Information Systems Architecture (\$1,135 and 0 FTE); and 4) Departmental Office's Year 2000 Compliance efforts (\$1,327 and 0 FTE);	11,763	---
Reductions, Nonrecurring Costs, and Savings: A decrease is proposed for: 1) Global Transpark Network Customs Information Project (GTPN/CIP) (-\$500 and 0 FTE) 2) International Trade Data System (ITDS) (-\$200 and 0 FTE).	-700	---
Reductions Replaced by Reimbursement: Under legislation to be proposed, partial support for the Automated Commercial Environment (ACE) would be provided through a temporary increase in the Merchandise Processing Fee (-\$3,000 and 0 FTE). (See proposed legislation for a description of the full amount to be derived from alternative funding).	-3,000	---

***TREASURY-WIDE
AUTOMATION ENHANCEMENT***

Summary of Specific Automation Programs

<u>Program</u>	<u>FY 1998</u>	<u>FY 1999</u>
Automated Commercial Environment (ACE)	\$11,000	\$8,000
International Trade Data Base	\$5,600	\$5,400
Global Transpark Network/Customs Information Project	\$ 500	
Human Resources Re-engineering and Modernization		
a. Department-wide Program Management	\$4,414	\$6,077
b. Departmental Office's Project Implementation		\$ 500
c. ATF Pilot Project		\$3,700
Improve Operations with Business Practices		
a. Joint Foreign Credit Reporting System		\$1,000
b. Simplified Tax and Wage Reporting System		\$1,500
c. Treasury Vehicle Management System		\$1,000
Treasury-wide Information Technology Management		
a. Year 2000 Conversion		\$ 935
b. Architecture Framework		\$ 200
Departmental Offices		
a. Productivity Enhancement	\$3,875	\$3,813
b. Year 2000 Conversion	\$500	\$1,827
TOTAL	\$25,889	\$33,952

**OFFICE OF INSPECTOR GENERAL
SALARIES AND EXPENSES**

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	29,719	292
CHANGES PROPOSED FOR FY 1999:		
! Adjustments for Mandatory Cost Increases	959	---
TOTAL FY 1999 CHANGES	959	---
FY 1999 PRESIDENT'S BUDGET	30,678	292

Highlights of FY 1999 Budget Changes

Adjustments for Mandatory Cost Increases: Funds are requested for: 1) the FY 1999 costs of the January 1998 pay increase (\$173 and 0 FTE); 2) the proposed January 1999 pay raise (\$510 and 0 FTE); 3) other labor-related benefits (\$62 and 0 FTE); and 4) non-labor items such as contracts, travel, supplies, equipment, and GSA rent adjustments for newly occupied space and security surcharges (\$214 and 0 FTE).

959 ---

**FINANCIAL CRIMES ENFORCEMENT NETWORK
SALARIES AND EXPENSES**

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	23,835	181
<i>! Violent Crime Reduction Trust Fund (Included in Salaries and Expenses) . .</i>	<i>[1,000]</i>	<i>---</i>
CHANGES PROPOSED FOR FY 1999:		
<i>! Program Changes</i>	<i>1,000</i>	<i>---</i>
<i>! Reductions, Non-Recurring Costs, and Savings</i>	<i>-1,000</i>	<i>---</i>
<i>! Adjustments for Mandatory Cost Increases</i>	<i>835</i>	<i>---</i>
<i>! Adjustment to Maintain Operations</i>	<i>330</i>	<i>---</i>
TOTAL FY 1999 CHANGES	1,165	---
FY 1999 PRESIDENT'S BUDGET	25,000	181
<i>! Violent Crime Reduction Trust Fund (Included in Salaries and Expenses)</i>	<i>[1,000]</i>	

Highlights of FY 1999 Budget Changes

Program Changes: Funds are requested to be funded within the Violent Crime Reduction Trust Fund to: 1) Effectively Capture and Utilize Suspicious Activity Report Data (\$300 and 0 FTE); 2) Create New and Enhanced Resources for Law Enforcement (\$200 and 0 FTE); 3) Magnitude of Money Laundering (\$500 and 0 FTE).	1,000	---
Reductions, Non-Recurring Costs, and Savings: Decreases are proposed for non-recurs associated with an international money laundering threat initiative approved in FY 1998 (-\$1,000 and 0 FTE).	-1,000	---
Adjustments for Mandatory Cost Increases: Funds are requested for: 1) the FY 1999 costs of the January 1998 pay increase (\$92 and 0 FTE); 2) the proposed January 1999 pay raise (\$254 and 0 FTE); 3) other labor-related benefits (\$65 and 0 FTE); and 4) non-labor items such as contracts, travel, supplies, equipment, and GSA rent adjustments for newly occupied space and security surcharges (\$424 and 0 FTE).	835	---
Adjustment to Maintain Operations: An adjustment is requested for contract support to conduct basic commercial database searches required for standard law enforcement case requests (\$330 and 0 FTE).	330	---

**FEDERAL LAW ENFORCEMENT TRAINING CENTER
SALARIES AND EXPENSES**

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	65,663	526
<i>! Violent Crime Reduction Trust Fund (Included in Salaries and Expenses) . . .</i>	<i>[1,000]</i>	<i>[3]</i>
CHANGES PROPOSED FOR 1999:		
<i>! Program Changes</i>	<i>2,900</i>	<i>17</i>
<i>! Program Annualizations</i>	<i>15</i>	<i>---</i>
<i>! Workload Adjustment</i>	<i>1,614</i>	<i>10</i>
<i>! Adjustments for Mandatory Cost Increases</i>	<i>1,773</i>	<i>---</i>
<i>! Adjustments for Equipment to Maintain Operations</i>	<i>158</i>	<i>---</i>
<i>! Reductions, Non-Recurring Costs, and Savings</i>	<i>-200</i>	<i>---</i>
TOTAL FY 1999 CHANGES	6,260	27
FY 1999 PRESIDENT'S BUDGET	71,923	553

Highlights of FY 1999 Budget Changes

Program Changes: Funds are requested for: 1) Master Plan FTE (\$1,400 and 12 FTE); and 2) the International Law Enforcement Academies (\$1,500 and 5 FTE).	2,900	17
Program Annualizations: During FY 1998, six new construction projects totaling almost 112,000 square fee came on-line. Funds are requested for the full year cost of operating these facilities utilities and contractual services (\$15 and 0 FTE).	15	---
Workload Adjustment: Current FY 1999 projected training needs for participating agencies (including the U.S. Border Patrol) require that FLETC receive increased funding and FTE for basic training (\$1,614 and 10 FTE).	1,614	10
Adjustments for Mandatory Cost Increases: Funds are requested for: 1) the FY 1999 costs of the January 1998 pay increase (\$245 and 0 FTE); 2) the proposed January 1999 pay raise (\$741 and 0 FTE); 3) other labor-related benefits (\$201 and 0 FTE); and 4) non-labor items such as contracts, travel, supplies, equipment, and GSA rent adjustments for newly occupied space and security surcharges (\$586 and 0 FTE).	1,773	---

**FEDERAL LAW ENFORCEMENT TRAINING CENTER
SALARIES AND EXPENSES**

	Amount (\$000s)	Direct FTE
Highlights of FY 1999 Budget Changes		
Adjustments for Equipment to Maintain Operations: Funds are requested for restoration of FLETC's equipment base which has eroded due to increased training demands (\$158 and 0 FTE).	158	---
Reductions, Non-Recurring Costs, and Savings: Decreases are proposed for non-recurs associated with equipment and furniture for new employees approved in FY 1998 (-\$200 and 0 FTE).	-200	---

**FEDERAL LAW ENFORCEMENT TRAINING CENTER
ACQUISITION, CONSTRUCTION, IMPROVEMENTS, AND RELATED EXPENSES**

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	32,548	---
CHANGES PROPOSED FOR 1999:		
! Program Changes	13,000	---
! Adjustments for Mandatory Cost Increases	228	---
! Reductions, Non-Recurring Costs, and Savings	-17,416	---
TOTAL FY 1999 CHANGES	-4,188	---
FY 1999 PRESIDENT'S BUDGET	28,360	---

Highlights of FY 1999 Budget Changes

Program Changes: Funds are requested for: 1) a new dormitory (\$7,000 and 0 FTE); and 2) a new classroom building necessary to provide service to an expected student increase, especially for the Department of Justice/Border Patrol (\$6,000 and 0 FTE).	13,000	---
Adjustments for Mandatory Cost Increases: Funds are requested for non-labor items such as contracts, travel, supplies, and equipment (\$228 and 0 FTE).	228	---
Reductions, Non-Recurring Costs, and Savings: Decreases are proposed for the funding provided in FY 1998 for the Master Plan construction (-\$17,416 and 0 FTE).	-17,416	---

**FINANCIAL MANAGEMENT SERVICE
SALARIES AND EXPENSES**

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	202,490	2,060
CHANGES PROPOSED FOR FY 1999:		
! Reductions, Non-Recurring Costs, and Savings	-3,947	-17
! Adjustments for Mandatory Cost Increases	6,335	---
! Reductions Replaced by Reimbursements	-2,368	-37
TOTAL FY 1999 CHANGES	20	-54
FY 1999 PRESIDENT'S BUDGET	202,510	2,006

Highlights of FY 1999 Budget Changes

Reductions, Non-Recurring Costs and Savings: Decreases are proposed for: 1) Non-personnel savings associated with transfer of FTE to reimbursable (-\$322 and 0 FTE); 2) Productivity savings related to payment operations (-\$865 and -17 FTE); and 3) Productivity savings related to reductions in check volumes (-\$2,760 and 0 FTE).	-3,947	-17
Adjustments for Mandatory Cost Increases: Funds are requested for: 1) the FY 1999 costs of the January 1998 pay increase (\$887 and 0 FTE); 2) the proposed January 1999 pay raise (\$2,380 and 0 FTE); 3) other labor-related benefits (\$774 and 0 FTE); and 4) non-labor items such as contracts, travel, supplies, equipment, and GSA rent adjustments for newly occupied space and security surcharges (\$2,294 and 0 FTE).	6,335	---
Reductions Replaced by Reimbursements: A direct funded base program decrease results from a reallocation of staffing into the debt collection business activities which will be covered from anticipated reimbursements (-\$2,368 and -37 FTE).	-2,368	-37

**BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
SALARIES AND EXPENSES**

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	508,355	3,934
<i>! Violent Crime Reduction Trust Fund (Included in Salaries and Expenses) . . .</i>	<i>[29,421]</i>	<i>[44]</i>
TRANSFER (P.L. 105-119) -- Department of State FY 1998 Appropriation, International Cooperative Administrative Support Services (ICASS)	17	---
FY 1998 PROPOSED AUTHORIZED LEVEL	508,372	3,934
CHANGES PROPOSED FOR FY 1999:		
<i>! Program Changes</i>	<i>14,787</i>	<i>96</i>
<i>! Program Annualizations</i>	<i>2,729</i>	<i>26</i>
<i>! Adjustments for Mandatory Cost Increases</i>	<i>16,309</i>	<i>---</i>
<i>! Adjustments for Youth Crime Gun Interdiction to Maintain Operations</i>	<i>11,000</i>	<i>---</i>
<i>! Adjustments for Vehicles, Technology, & Equipment to Maintain Operations</i>	<i>14,335</i>	<i>2</i>
<i>! Reductions Replaced by Reimbursements</i>	<i>-13,208</i>	<i>-20</i>
TOTAL FY 1999 CHANGES	45,952	104
FY 1999 PRESIDENT'S BUDGET	554,324	4,038
<i>! Violent Crime Reduction Trust Fund (Included in Salaries and Expenses) . . .</i>	<i>[10,000]</i>	<i>---</i>

Amount (\$000s)	Direct FTE
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Highlights of FY 1998 Budget Changes

Transfer from State Department: Transfer from State Department for International Cooperative Administrative Support Services as provided for in P.L. 105-119 (\$17 and 0 FTE).	17	---
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Highlights of FY 1999 Budget Changes

Program Changes: Funding increases and decreases are proposed as follows: 1) expanding the successful Youth Crime Gun Interdiction Initiative (\$16,000 and 81 FTE); and 2) Violent Crime Coordinators to increase investigations involving recidivists at the strong request from the Attorney General's Office (\$2,000 and 15 FTE); and 3) CEASEFIRE and the Canine Explosives Detection programs (-3,213 and 0 FTE).	14,787	96
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**BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
SALARIES AND EXPENSES**

	Amount (\$000s)	Direct FTE
Highlights of FY 1999 Budget Changes		
Program Annualizations: Funds are requested for the annualization of costs associated with the Explosives Inspections project; a project funded with Treasury Forfeiture Funds in FY 1998 (\$2,729 and 26 FTE).	2,729	26
Adjustments for Mandatory Cost Increases: Funds are requested for: 1) the FY 1999 costs of the January 1998 pay increase (\$2,222 and 0 FTE); 2) the proposed January 1999 pay raise (\$6,985 and 0 FTE); 3) other labor-related benefits (\$2,170 and 0 FTE); and 4) non-labor items such as contracts, travel, supplies, equipment and GSA rent adjustments for newly occupied space and security surcharges (\$4,932 and 0 FTE).	16,309	---
Adjustments for Youth Crime Gun Interdiction to Maintain Operations: The President's YCGII includes ATF's firearms tracing system, out-of-business dealer records, Project LEAD, youth crime gun interdiction, stolen firearms and international trafficking in firearms. This activity was funded by the Treasury Forfeiture Fund in FY 1997 and FY 1998 (\$11,000 and 0 FTE).	11,000	---
Adjustments for Vehicles, Technology, & Equipment to Maintain Operations: Funds are requested for: 1) vehicles to maintain a regular replacement cycle, ensuring the safety of agents (\$3,700 and 0 FTE); 2) replacement of aging laboratory equipment and investigative supplies (\$1,800 and 0 FTE); 3) radios and land mobile radio replacement (\$2,206 and 2 FTE); and 4) information technology (\$6,629 and 0 FTE).	14,335	2
Reductions Replaced by Reimbursements: A decrease is proposed for projects that were funded by the Violent Crime Reduction Trust Fund (VCRTF) in FY 1998, as follows: a proposed budget authority offset by the TFF for the Explosives Repository, Canine Explosives Detection, CEASEFIRE, and equipment (-\$13,208 and -20 FTE).	-13,208	-20

**BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
LABORATORY AND HEADQUARTERS**

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	55,022	---
CHANGES PROPOSED FOR FY 1999:		
! Program Changes	32,000	---
! Reductions, Non-Recurring Costs, and Savings	-55,022	---
TOTAL FY 1999 CHANGES	-23,022	---
FY 1999 PRESIDENT'S BUDGET	32,000	---

Highlights of FY 1999 Budget Changes

Program Changes: Funds are requested for the relocation of the ATF Headquarters (\$32,000 and 0 FTE).	32,000	---
Reductions, Non-Recurring Costs, and Savings: Decreases are for non-recurring costs associated with the ATF laboratories (-\$55,022 and 0 FTE).	-55,022	---

**UNITED STATES CUSTOMS SERVICE
SALARIES AND EXPENSES**

	Amount	Direct
FY 1998 APPROPRIATION (P.L. 105-61)	1,582,813	16,744
! <i>Violent Crime Reduction Trust Fund (Included in Salaries and Expenses)</i> . . .	[60,648]	[119]
TRANSFER (P.L. 105-119) -- Department of State FY 1998 Appropriation, International Cooperative Administrative Support Services (ICASS)	1,952	---
! Reprogramming	---	-89
FY 1998 PROPOSED AUTHORIZED LEVEL	1,584,765	16,655
CHANGES PROPOSED FOR FY 1999:		
! Program Changes	68,000	31
! Program Annualizations	10,847	---
! Workload Adjustments	7,252	80
! Adjustments for Mandatory Cost Increases	60,561	---
! Adjustment for Obsolete Vehicles to Maintain Operations	4,064	---
! Reductions, Non-Recurring Costs, and Savings	-32,952	---
TOTAL FY 1999 CHANGES	117,772	111
FY 1999 PRESIDENT'S BUDGET	1,702,537	16,766
! <i>Violent Crime Reduction Trust Fund (Included in Salaries and Expenses)</i> . . .	[64,472]	---

Amount (\$000s)	Direct FTE
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Highlights of FY 1998 Budget Changes

Transfer from State Department: Transfer from State Department for International Cooperative Administrative Support Services as provided for in P.L. 105-119 (\$1,952 and 0 FTE).	1,952	---
Reprogramming: Net cost absorption impact of: 1.51% added Employer contribution for Civil Service Retirement System participants, required under the 1997 Balanced Budget Act; and 0.7% to 1.0% reduced contributions for Federal Employees Retirement System participants under updated actuarial assumptions (\$0 and -89 FTE).	---	-89

**UNITED STATES CUSTOMS SERVICE
SALARIES AND EXPENSES**

	Amount	Direct
Highlights of FY 1999 Budget Changes		
Program Changes: Funds are requested for: 1) personnel enhancements to the Southwest Border narcotics strategy (\$5,000 and 27 FTE); 2) enforcement measures against the use of child labor in products exported to the United States (\$3,000 and 4 FTE); contemporary investigative tools and methods, in the recruitment and investigation of personnel, to maintain and ensure integrity \$6,000 and 0 FTE); and 3) systems for automated targeting and non-intrusive inspection at the highest risk ports (\$54,000 and 0 FTE).	68,000	31
Program Annualizations: Funds are requested for: 1) operation and maintenance costs of capital equipment and structures funded in FY 1998, including systems for automated targeting, non-intrusive inspection, and land border passenger automation (\$3,910 and 0 FTE); and 2) normal career ladder advancement of positions added by prior year initiatives (Operation Hardline, Gateway, Anti-Smuggling, and new P-3 deployment) in FY 1997 and FY 1998 (\$6,937 and 0 FTE).	10,847	---
Workload Adjustments: Funds are requested to respond to: 1) the requirements of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, requiring all passenger lanes to be staffed during peak hours (\$4,185 and 46 FTE); 2) new Presidential permit border crossings (\$2,706 and 30 FTE); and 3) completion of support for the Congressional directive on staffing for the El Paso dedicated commuter lane (\$361 and 4 FTE).	7,252	80
Adjustments for Mandatory Cost Increases: Funds are requested for: 1) FY 1999 cost of the January 1998 pay increase (\$8,018 and 0 FTE); 2) the proposed January 1999 pay raise (\$24,207 and 0 FTE); 3) other labor-related benefits (\$7,803 and 0 FTE); and 4) non-labor items such as contracts, travel, supplies, equipment, and GSA rent adjustments for newly occupied space and security surcharges (\$20,533 and 0 FTE).	60,561	---
Adjustment for Obsolete Vehicles to Maintain Operations: Funds are requested for further progress on replacement of badly worn vehicles that greatly exceed GSA replacement standards and present life and safety concerns to law enforcement officers (\$4,064 and 0 FTE).	4,064	---

**UNITED STATES CUSTOMS SERVICE
SALARIES AND EXPENSES**

Amount (\$000s)	Direct FTE
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Highlights of FY 1999 Budget Changes

Reductions, Non-Recurring Costs, and Savings: Decreases are proposed for non-recurring costs associated with prior year initiatives, including: 1) seaport container x-ray and automated targeting systems (-\$15,000 and 0 FTE); 2) gamma-ray vehicle and container inspection systems (-\$5,000 and 0 FTE); 3) forward-looking infrared vision installations (\$-4,500 and 0 FTE); 4) one-time funding of the Global Trade and Research Program at the Montana World Trade Center (-\$1,250 and 0 FTE); 5) Customshouse renovation (-\$5,000 and 0 FTE); 6) study of Kansas City international freight processing center (-\$500 and 0 FTE); 7) Anti-smuggling initiative one-time support costs (-\$1,574 and 0 FTE); and 8) one-time costs of land border passenger initiative phase one (-\$128 and 0 FTE).

-32,952	---
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UNITED STATES CUSTOMS SERVICE
OPERATIONS AND MAINTENANCE, AIR AND MARINE INTERDICTION PROGRAMS

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	92,758	---
CHANGES PROPOSED FOR FY 1999:		
! Adjustments for Mandatory Cost Increases	1,855	---
! Program Annualizations	3,875	---
TOTAL FY 1999 CHANGES	5,730	---
FY 1999 PRESIDENT'S BUDGET	98,488	---

Highlights of FY 1999 Budget Changes

Adjustments for Mandatory Cost Increases: Funds are requested for non-labor items such as contracts, travel, supplies, and equipment (\$1,855 and 0 FTE).	1,855	---
Program Annualizations: Funds are requested for: 1) the operation, and ground support and maintenance, for two P-3AEW aircraft, assuming initial operation commences in the latter half of FY 1999 (\$3,200 and 0 FTE); and 2) maintenance of forward-looking infrared helicopter vision equipment (\$675 and 0 FTE).	3,875	---

***UNITED STATES CUSTOMS SERVICE
HARBOR MAINTENANCE FEE COLLECTION***

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	3,000	---
FY 1999 PRESIDENT'S BUDGET	3,000	---

**UNITED STATES CUSTOMS SERVICE
CUSTOMS SERVICES AT SMALL AIRPORTS**

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	2,406	50
CHANGES PROPOSED FOR FY 1999:		
! Reductions, Non-Recurring Costs, and Savings	-2,406	-50
TOTAL FY 1999 CHANGES	-2,406	-50
FY 1999 PRESIDENT'S BUDGET	---	---

Highlights of FY 1999 Budget Changes

	Amount (\$000s)	Direct FTE
Reductions, Non-Recurring Costs, and Savings: Annual appropriation action is no longer required because FY 1998 appropriation action conformed the account to funding provisions in the authorizing legislation (-\$2,406 and -50 FTE).	-2,406	-50

**BUREAU OF THE PUBLIC DEBT
ADMINISTERING THE PUBLIC DEBT**

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	173,826	1,805
! Estimated User Fee Offsetting Collection	-4,400	---
ESTIMATED NET APPROPRIATION (P.L. 105-61)	169,426	1,805
<hr/>		
FY 1998 APPROPRIATION (P.L. 105-61)	173,826	1,805
CHANGES PROPOSED FOR FY 1999:		
! Adjustments for Mandatory Cost Increases	3,674	---
TOTAL FY 1999 CHANGES FROM FY 1998 MAXIMUM LEVEL	3,674	---
FY 1999 PROGRAM LEVEL AND MAXIMUM APPROPRIATION	177,500	1,805
! FY 1999 Estimated User Fee Offsetting Collection	-4,400	---
FY 1999 PRESIDENT'S BUDGET	173,100	1,805

Highlights of FY 1999 Budget Changes

Adjustments for Mandatory Cost Increases: Funds are requested for: 1) the FY 1999 costs of the January 1998 pay increase (\$666 and 0 FTE); 2) the proposed January 1999 pay raise (\$2,013 and 0 FTE); 3) other labor-related benefits (\$503 and 0 FTE); and 4) non-labor items such as contracts, travel, supplies, equipment, and GSA rent adjustments for newly occupied space and security surcharges (\$492 and 0 FTE).

3,674 ---

INTERNAL REVENUE SERVICE

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	7,666,183	101,605
TRANSFER (P.L. 105-119) -- Department of State FY 1998 Appropriation, International Cooperative Administrative Support Services (ICASS)	646	---
! Impact of changes to FERS/CSRS Agency Contribution Rates	---	-316
! Reprogramming (FTE only)	---	-2,692
FY 1998 PROPOSED AUTHORIZED LEVEL	7,666,829	98,597
CHANGES PROPOSED FOR FY 1999:		
! Program Changes	625,443	1,292
! Adjustments for Mandatory Cost Increases	242,481	---
! Reductions, Non-Recurring Costs, and Savings	-338,900	-60
! TOTAL FY 1999 CHANGES	529,024	1,232
FY 1999 PRESIDENT'S BUDGET	8,195,853	99,829

Highlights of FY 1998 Budget Changes

	Amount (\$000s)	Direct FTE
Transfer from State Department: Transfer from State Department for International Cooperative Administrative Support Services as provided for in P.L. 105-119 (\$646 and 0 FTE).	646	---
Impact of changes to FERS/CSRS Contribution Rates: Reflects net effect or absorbing increased agency contribution rates for FERS/CSRS (\$0 and -316 FTE).	---	-316
Reprogramming: Reflects net effect of reprogramming funds to cover unanticipated rent costs and labor costs over and above the FY 1998 pay raise (\$0 and -2,692 FTE).	---	-2,692

INTERNAL REVENUE SERVICE

	Amount (\$000s)	Direct FTE
Highlights of FY 1999 Budget Changes		
Program Changes: Funds are requested for program increases: 1) Customer Service/NPR (\$103,000 and 1,024 FTE); 2) Organizational Modernization (\$25,000 and 0 FTE); 3) Operational Systems/Tax Law Updates (\$32,900 and 0 FTE); 4) Modernization Infrastructure/GPMO (\$68,700 and 138 FTE); 5) Business Line Investments/ICS/Exam Laptop Replacement (\$125,000 and 130 FTE); and 6) Information Technology Investments/Release 1/Phases 2-5 (\$323,000 and 0 FTE). A program reduction is also included to cover the full cost of inflation and rent increases (-\$52,157 and 0 FTE).	625,443	1,292
Adjustments for Mandatory Cost Increases: Funds are requested for: 1) the FY 1999 costs of the January 1998 pay raise (\$38,494 and 0 FTE); 2) the proposed January 1999 pay raise (\$116,205 and 0 FTE); 3) other labor-related benefits (\$21,086 and 0 FTE); and non-labor items such as contracts, travel, supplies, rent, postage, equipment, and GSA rent adjustments for newly occupied space and security surcharges (\$66,696 and 0 FTE).	242,481	---
Reductions, Non-Recurring Costs, and Savings: Decreases are proposed for: 1) non-recurring of funds associated with the prior year Information Technology Investment (-\$325,000 and 0 FTE); 2) non-recurring of prior year funds associated with the Year 2000 solution (-\$13,900 and 0 FTE); and 3) a reduction in information systems staffing resulting from an internal transfer of resources to address the Year 2000 solution (\$0 and -60 FTE).	-338,900	-60

**UNITED STATES SECRET SERVICE
SALARIES AND EXPENSES**

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	580,079	5,000
<i>! Violent Crime Reduction Trust Fund (Included in Salaries and Expenses) . . .</i>	<i>[15,731]</i>	<i>[48]</i>
TRANSFER (P.L. 105-119) -- Department of State FY 1998 Appropriation, International Cooperative Administrative Support Services (ICASS)	602	---
FY 1998 PROPOSED AUTHORIZED LEVEL	580,681	5,000
CHANGES PROPOSED FOR FY 1999:		
<i>! Program Changes</i>	<i>6,973</i>	<i>35</i>
<i>! Workload Adjustment</i>	<i>7,732</i>	<i>---</i>
<i>! Initiative Annualization</i>	<i>7,864</i>	<i>27</i>
<i>! Adjustment for Field Office Moving Expenses to Maintain Operations</i>	<i>3,427</i>	<i>---</i>
<i>! Adjustments for Mandatory Cost Increases</i>	<i>19,552</i>	<i>---</i>
<i>! Transfer to/from ACIRE to/from Salaries and Expenses</i>	<i>323</i>	<i>---</i>
<i>! Reductions, Non-Recurring Costs, and Savings</i>	<i>-20,195</i>	<i>-20</i>
TOTAL FY 1999 CHANGES	25,676	42
FY 1999 PRESIDENT'S BUDGET	606,357	5,042
<i>! Violent Crime Reduction Fund (Included in Salaries and Expenses)</i>	<i>[11,700]</i>	<i>[28]</i>

Amount (\$000s)	Direct FTE
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Highlights of FY 1998 Budget Changes

Transfer from State Department: Transfer from State Department for International Cooperative Administrative Support Services as provided for in P.L. 105-119 (\$602 and 0 FTE).	602	---
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Highlights of FY 1999 Budget Changes

Program Changes: Funds are requested for: 1) Permanent Protection (\$5,049 and 25 FTE) and Protective Intelligence (\$1,924 and 10 FTE).	6,973	35
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**UNITED STATES SECRET SERVICE
SALARIES AND EXPENSES**

	Amount (\$000s)	Direct FTE
Highlights of FY 1999 Budget Changes		
Workload Adjustments: Increase for 2000 Candidate/Nominee program (\$7,732 and 0 FTE).	7,732	---
Initiative Annualization: Increase to permanently staff new security posts, and hire technical and clerical staff necessary to appropriately address White House Security (\$7,864 and 27 FTE).	7,864	24
Adjustment for Field Office Moving Expenses to Maintain Operations: To address moving expenses in field offices (\$3,427 and 0 FTE).	3,427	---
Adjustments for Mandatory Cost Increases: Funds are requested for: 1) the FY 1999 costs of the January 1998 pay increase (\$2,870 and 0 FTE); 2) the proposed January 1999 pay raise (\$8,994 and 0 FTE); 3) other labor-related benefits (\$3,699 and 0 FTE); and 4) non-labor items such as contracts, travel, supplies, equipment, and GSA rent adjustments for newly occupied space and security surcharges (\$3,989 and 0 FTE).	19,552	---
Transfers to/from ACIRE to from Salaries and Expenses: Transfer Fixed Site Security and funding for Digital Telecommunications System (DTS) from ACIRE to Salaries and Expenses (\$1,623 and 0 FTE); transfer maintenance and operations base for the Rowley Training Center to ACIRE (-\$1,300 and 0 FTE).	323	---
Reductions, Non-recurring Costs, and Savings: Decrease are proposed for: 1) White House Security - <i>originally requested in VCRTF</i> (-\$15,664 and 0 FTE), 2) Missing and Exploited Children (-2,571 and -20 FTE), and 3) Identify based Crime Technology (\$1,460 and 0 FTE) and 4) PC/LAN Replacement and Treasury Financial Systems (-\$500 and 0 FTE). It is proposed that this \$500 be funded from the Treasury Forfeiture Fund.	-20,195	-20

UNITED STATES SECRET SERVICE
ACQUISITION, CONSTRUCTION, IMPROVEMENTS AND RELATED EXPENSES

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	8,799	---
CHANGES PROPOSED FOR FY 1999:		
! Reductions, Non-Recurring Costs, and Savings	-4,031	---
! Initiative Annualization	2,000	---
! Transfer to/from Salaries and Expense to/from ACIRE	-323	---
TOTAL FY 1999 CHANGES	-2,354	---
FY 1999 PRESIDENT'S BUDGET	6,445	---

Highlights of FY 1999 Budget Changes

Reductions, Non-recurring Costs, and Savings: Decreases are proposed for: Headquarters Consolidation (-\$4,031 and 0 FTE).	-4,031	---
Initiative Annualization: Annualization of funds appropriated in FY 1998 in the Treasury Forfeiture Fund (TFF) for RTC Maintenance, to the ACIRE account (\$2,000 and 0 FTE).	2,000	---
Transfers to/from ACIRE to from Salaries and Expenses: Transfer Fixed Site Security from ACIRE to Salaries and Expenses (-\$1,623 and 0 FTE); transfer maintenance base for the Rowley Training Center to ACIRE (\$1,300 and 0 FTE).	-323	---

INTERAGENCY CRIME AND DRUG ENFORCEMENT

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	73,794	---
CHANGES PROPOSED FOR FY 1999:		
! Adjustments for Mandatory Cost Increases	1,476	---
! Mandatory Workload Increase	630	---
TOTAL FY 1999 CHANGES	2,106	---
FY 1999 PRESIDENT'S BUDGET	75,900	---
<i>! Violent Crime Reduction Fund (Included in Salaries and Expenses)</i>	<i>[45]</i>	<i>---</i>

Highlights of FY 1999 Budget Changes

Adjustments for Mandatory Cost Increases: Funds are requested for non-labor items such as contracts, travel, supplies, and equipment (\$1,476 and 0 FTE). Treasury bureaus will be reimbursed by the money appropriated to the centrally located account in Departmental Offices as follows:	1,476	---
Mandatory Workload Increase: Funds are requested to reimburse the Departmental Office of Enforcement for two FTE and other support services necessary to administer the program (\$630 and 0 FTE).	630	---

Treasury Bureau Funding Summary

	<u>FY 1998</u>	<u>FY 1999</u>
Internal Revenue Service	36,290	37,016
Bureau of Alcohol, Tobacco and Firearms	10,036	10,237
United States Customs Service	27,468	28,017
Departmental Offices	---	630
Total FY 1999	73,794	75,900

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	80,000	35
CHANGES PROPOSED FOR FY 1999:		
! Program Changes	45,000	---
TOTAL FY 1999 CHANGES	45,000	---
FY 1999 PRESIDENT'S BUDGET	125,000	35

Highlights of FY 1999 Budget Changes

	Amount (\$000s)	Direct FTE
Program Changes: Funds are requested for assistance to CDFIs and training and technical assistance (\$45,000 and 0 FTE).	45,000	---

COMMUNITY ADJUSTMENT AND INVESTMENT PROGRAM

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	---	---
CHANGES PROPOSED FOR FY 1999:		
! Program Changes	37,000	---
TOTAL FY 1999 CHANGES	37,000	---
FY 1999 PRESIDENT'S BUDGET	37,000	0

Highlights of FY 1999 Budget Changes

Program Changes: Funds are requested to enhance ability to provide technical assistance, grants, loans, loan guarantees, and other financial to both new and existing businesses within communities that suffered job losses as a result of changing trade patterns with Canada and Mexico (\$37,000 and 0 FTE).	37,000	---
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JOINT FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	---	---
CHANGES PROPOSED FOR FY 1999:		
! Program Changes	3,000	5
TOTAL FY 1999 CHANGES	3,000	5
FY 1999 PRESIDENT'S BUDGET	3,000	5

Highlights of FY 1999 Budget Changes

Program Changes: Funds are provided through Treasury for the development of technical specifications for government wide financial management systems and will be used at the direction of the Joint Financial Management Improvement Program committee (\$3,000 and 5 FTE).

3,000	5
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EARNED INCOME TAX CREDIT COMPLIANCE INITIATIVE
(Outside the Discretionary Caps)

	Amount (\$000s)	Direct FTE
FY 1998 APPROPRIATION (P.L. 105-61)	138,000	1,954
CHANGES PROPOSED FOR FY 1999:		
! Program Changes	7,942	107
! Adjustments for Mandatory Cost Increases	4,422	---
! Program Annualization	7,058	123
! Reductions, Non-Recurring Cost, and Savings	-14,422	---
! TOTAL FY 1999 CHANGES	5,000	230
FY 1999 PRESIDENT'S BUDGET	143,000	2,184

Highlights of FY 1999 Budget Changes

Program Changes: Funds are requested for: 1) Cleanup of Invalid Segments (\$2,403 and 86 FTE); 2) Customer Education (\$1,870 and 0 FTE); 3) Appeals and Counsel Follow-on (\$2,418 and 21 FTE); and 4) Quality Assurance (\$1,251 and 0 FTE).	7,942	107
Adjustments for Mandatory Cost Increases: Funds are requested for: 1) the FY 1999 costs of the January 1998 pay raise (\$968 and 0 FTE); 2) the proposed January 1999 pay raise (\$2,923 and 0 FTE); and 3) other labor-related benefits (\$531 and 0 FTE).	4,422	---
Program Annualization: Funds are requested to fund the annual cost of 368 initiative FTE hired in FY 1998 (\$7,058 and 123 FTE).	7,058	123
Reductions, Non-recurring Costs, and Savings: Decreases are proposed for non-recurring one-time prior year costs associated with training, moving expenses, equipment, and printing & postage (- \$14,422 and 0 FTE).	-14,422	---

DEPARTMENT OF THE TREASURY
FY 1999 Current Services Requirements
(dollars in thousands)

BUREAUS/ACCOUNTS	DO	T-BARR	OPR	AUTO	OIG	FINCEN	FLETC	FMS	ATF	USCS	BPD	IRS	USSS	ICDE	CDFI	CAIP	JFMIP	TOTAL
FY 1998 Appropriation	114,771	10,484	1,250	25,889	29,719	22,835	97,211	202,490	533,956	1,620,329	169,426	7,666,183	573,147	73,794	80,000	---	---	11,221,484
FY 1998 VCRTF						1,000	1,000		29,421	60,648			15,731					107,800
FY 1998 Transfer In (ICASS)	784								17	1,952		646	602					4,001
FY 1998 Appropriation	115,555	10,484	1,250	25,889	29,719	23,835	98,211	202,490	563,394	1,682,929	169,426	7,666,829	589,480	73,794	80,000	---	---	11,333,285
Mandatory Cost Increases	3,704		30		959	835	2,001	6,335	16,309	62,416	3,674	242,481	19,552	1,476				359,772
Initiative Annualizations			374				15		2,729	14,722			9,864					27,704
Inflation Type Increaes	3,704	---	404	---	959	835	2,016	6,335	19,038	77,138	3,674	242,481	29,416	1,476	---	---	---	387,476
Net Mandatory Workload Increase	3,430						1,614			7,252			7,732	630				20,658
Workload Adjustments/Transfers	3,430	---	---	---	---	---	1,614	---	---	7,252	---	---	7,732	630	---	---	---	20,658
Non-Recurring Costs - Operations							(200)	(322)		(9,156)			(16,164)					(25,842)
Non-Recurring Costs - Capital				(700)			(17,416)		(55,022)			(338,900)	(4,031)					(416,069)
Non-Recurring Costs - Crime Bill						(1,000)				(26,202)			(4,031)					(31,233)
Productivity Savings								(3,625)										(3,625)
One-Time Costs/Savings	---	---	---	(700)	---	(1,000)	(17,616)	(3,947)	(55,022)	(35,358)	---	(338,900)	(24,226)	---	---	---	---	(476,769)
Customs Vehicle Replacement										4,064								4,064
ATF Youth Crime Gun Interdiction									11,000									11,000
ATF Equipment, Supplies, & Technology									14,335									14,335
USSS Adjustment for Field Office Moves													3,427					3,427
FLETC Equipment							158											158
FinCen Adj. for Comm'rcl Database Searches						330												330
Adjustments to Maintain Operations	---	---	---	---	---	330	158	---	25,335	4,064	---	---	3,427	---	---	---	---	33,314
FY 1999 Current Services Estimate	122,689	10,484	1,654	25,189	30,678	24,000	84,383	204,878	552,745	1,736,025	173,100	7,570,410	605,829	75,900	80,000	---	---	11,297,964
Program Initiatives	1,157	16,516		11,763		1,000	15,900		50,000	68,000		677,600	6,973		45,000	37,000	3,000	933,909
Program Reductions									(3,213)			(52,157)						(55,370)
Reductions Replaced by Reimbrs'mnts				(3,000)				(2,368)	(13,208)									(18,576)
FY 1999 Discretionary Level	123,846	27,000	1,654	33,952	30,678	25,000	100,283	202,510	586,324	1,804,025	173,100	8,195,853	612,802	75,900	125,000	37,000	3,000	12,157,927

Earned Income Tax Credit Compliance	

DEPARTMENT OF THE TREASURY

TOTAL TREASURY DEPARTMENT BUDGET

Treasury's FY 1999 budget request covers the following areas:

! INTEREST PAYMENTS -- \$371.4 billion

These are funds for interest payments needed to finance the public debt (\$366.4 billion); interest payments by the IRS on refunds of taxes to taxpayers (\$2.6 billion); and selected interest payments on special accounts handled through the Treasury.

! PERMANENT AUTHORITY APPROPRIATIONS AND TRUST FUNDS -- \$35.7 billion

These are funds for special accounts for which the Congress has given the Department permanent authority to expend appropriations. These accounts include primarily repayments of taxes collected for Puerto Rico, payments made when the earned income credit exceeds the taxpayer's tax liability, payments to the Resolution Funding Corporation, reimbursements to Federal Reserve Banks, special claims and damage payments required as a result of judgments against the U.S. government, and payments to Presidential candidates and their parties in accordance with Federal Election Commission certification.

! OFFSETTING COLLECTIONS -- -\$15.8 billion

Treasury receipts from other government agencies and private sources are subtracted from the total Treasury budget as an offset.

! ANNUAL OPERATING APPROPRIATIONS [FUNDING FOR ALL TREASURY BUREAUS] -- \$12.3 billion

These are funds for the Treasury bureaus' activities. Funding for these require appropriation action by the Congress. Details of bureau operating budgets are provided in the section titled, "Analysis of FY 1999 President's Budget."

DEPARTMENT OF THE TREASURY
FUNDING LEVELS IN THE FY 1999 PRESIDENT'S BUDGET 1/
(dollars in millions)

	FY 1997 Enacted	FY 1998 Enacted	FY 1999 Request	Percent Increase/ Decrease
ANNUAL APPROPRIATIONS.....	10,712	11,471	12,301	7.2%
INTEREST PAYMENTS:				
Interest on Public Debt.....	355,796	362,021	366,396	1.2%
Refunding Internal Revenue Collections, Interest.....	2,341	2,497	2,580	3.3%
Interest on Uninvested Funds.....	5	4	4	---
Net Interest Paid to Loan Guar. Fin. Accts.....	1,997	2,434	2,408	-1.1%
Fed. Interest Liabilities to State.....	12	20	20	---
Subtotal, INTEREST PAYMENTS.....	360,151	366,976	371,408	1.2%
TRUST FUNDS AND OTHER:				
Federal Financing Bank.....	---	---	2,854	100.0%
Payments to Farm Credit System.....	10	8	3	-62.5%
Payment to Resolution Funding Corp.....	2,328	2,328	2,328	---
Litigation Expenses from FSLIC Resolution Fund.....	26	34	---	-100.0%
Check Forgery Insurance Fund.....	10	---	2	100.0%
Ref., Trans., & Exp. Abandoned Goods.....	7	5	5	---
Subtotal, TRUST FUNDS AND OTHER.....	2,381	2,375	5,192	118.6%
PERMANENT AUTHORITY APPROPRIATIONS:				
Pres. Election Campaign Fund.....	67	66	66	---
Sallie Mae Assessments.....	1	1	1	---
U.S. Mint Public Enterprise Fund.....	29	30	15	-50.0%
Customs Services at Small Airports.....	---	---	2	100.0%
Payments related to Tobacco Legislation.....	---	---	3,425	100.0%
Treasury Forfeiture Fund.....	315	249	191	-23.3%
Claims, Judgements & Relief Acts.....	1,035	635	685	7.9%
Federal Reserve Bank Reimbursement by --				
FMS.....	---	122	124	1.6%
BPD.....	135	135	135	---
Government Losses in Shipment.....	---	1	1	---
Collection of Taxes for Puerto Rico by --				
ATF.....	205	210	201	-4.3%
USCS.....	107	110	111	0.9%
COBRA.....	455	326	349	7.1%
IRS New and Existing Fees.....	98	107	103	-3.7%
Payment where Child Credit exceeds liab. for tax.....	---	---	538	100.0%
Payment where EIC exceeds liability for tax.....	21,856	22,295	24,496	9.9%
Contrib. for Annuity Benefits.....	68	72	72	---
Subtotal, PERMANENT AUTH. APPROP.....	24,371	24,359	30,515	25.3%
OFFSETTING COLLECTIONS.....	(16,440)	(17,603)	(15,841)	-10.0%
TOTAL, DEPARTMENT OF THE TREASURY.....	381,175	387,578	403,575	4.1%

1/ This chart does not include funding associated with legislative proposals.

DETAIL OF OTHER ACCOUNTS

INTEREST PAYMENTS

! INTEREST ON THE PUBLIC DEBT:

The Government's current deficit and outstanding debt requirements are financed through borrowing (e.g., auctions of Treasury Bills, Notes, and Bonds). Funds paid to lenders for the use of their money is paid from the Interest on the Public Debt appropriation. This appropriation is permanent, indefinite, meaning that an annual appropriation request is not required to obtain this budget authority.

Interest on the Public Debt includes all interest paid on Treasury securities sold to the public (which includes foreign and domestic financial institutions, individuals, insurance companies, state and local governments, etc.) and to Federal Government trust funds, revolving funds and deposit funds.

The Federal Government both pays and receives interest and in some cases pays itself. As a result, a better picture of the Federal Government's interest cost is seen in net interest outlay estimates, comprised of:

P Interest on the public debt, plus interest on tax collection refunds; and

P Interest collections from Federal agencies and the public (interest on loans to the Federal Financing Bank is the largest item of offsetting interest collections), and interest received by Federal trust funds for securities held by these funds.

! INTEREST ON IRS REFUNDS:

Under certain conditions set forth in the tax law, IRS must pay interest on internal revenue collections which must be refunded -- amended returns, delayed refunds of more than 45 days from the due date of the return, corporation losses covering prior year returns, results of tax audits, etc. The rate of interest changes every three months to reflect the prime interest rate then in effect.

! INTEREST ON UNINVESTED FUNDS:

Under conditions of the law creating each trust account, interest accruing and payable from the general fund of the Treasury is appropriated for payment to the proper fund receipt accounts. The accounts expecting payment for FY 1998 include the Library of Congress Trust Fund and the Immigration Bonds Deposit Fund.

! NET INTEREST PAID TO LOAN GUARANTEE FINANCING ACCOUNTS:

Loan guarantee financing accounts receive various payments and fees and make payment on defaults. When cash balances result from an excess of receipts over outlays, these balances are deposited with Treasury and earn interest. This account pays such interest to credit loan guarantee financing accounts from the general fund of the Treasury in accordance with Section 505(c) of the Federal Credit Reform Act of 1990.

! FEDERAL INTEREST LIABILITIES TO THE STATES:

As provided in U.S.C. 3335, U.S.C. 6503, and 31 C.F.R. 205, interest is paid to states when Federal funds are not transferred timely. Further, states are reimbursed for specific costs.

TRUST FUNDS AND OTHER**! FEDERAL FINANCING BANK:**

The Federal Financing Bank (FFB) was created in 1973 to ensure the coordination of Federal and federally assisted borrowing from the public in a manner least disruptive to private financial markets and institutions. FFB loans are now used primarily to finance direct agency activities such as resolution of failed thrift institutions by the deposit insurance agencies, construction of Federal buildings by the General Services Administration, and meeting the financial requirements of the U.S. Postal Service. The FY 1999 budget provides funding to liquidate the FFB's accumulated deficit that resulted when FFB paid a prepayment premium on the underlying obligations to the Treasury Department while FFB borrowers were allowed to prepay at par.

! PAYMENTS TO FARM CREDIT SYSTEM FINANCIAL ASSISTANCE CORPORATION:

The Agricultural Credit Act of 1987 (Public Law 100-233) authorized such sums as necessary to be appropriated to the Secretary of the Treasury for payment to the Farm Credit System Financial Assistance Corporation (FAC).

Treasury payments annually reimburse the FAC for interest expense on FAC debt, which is authorized to be issued through 1993. Treasury is authorized to pay all or part of FAC interest for the first ten years on each 15-year FAC debt issuance. Debt proceeds are used to provide assistance to financially troubled Farm Credit System lending institutions.

! PAYMENT TO RESOLUTION FUNDING CORPORATION:

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 authorized and appropriated to the Secretary of the Treasury, for fiscal year 1989 and thereafter, such sums as may be necessary to cover interest payments on obligations issued by the Resolution Funding Corporation (REFCORP). REFCORP was established under the Act to raise \$31.2 billion for the Resolution Trust Corporation (RTC) in order to resolve savings institution insolvencies.

! LITIGATION EXPENSES FROM FSLIC RESOLUTION FUND:

In 1997 and 1998, the Secretary of the Treasury was authorized to use funds made available to the FSLIC Resolution Fund to reimburse the Department of Justice for the reasonable expenses of litigation that were incurred in the defense of claims against the U.S. arising from FIRREA and its implementation.

! CHECK FORGERY INSURANCE FUND:

This fund was established as a permanent, indefinite appropriation in order to maintain adequate funding of the Check Forgery Insurance Fund. The Fund will facilitate timely payments for replacement Treasury checks necessitated due to a claim of forgery. The fund will recoup disbursements through reclamations made against banks negotiating forged checks.

To reduce hardships sustained by payees of Government checks that have been stolen and forged, settlement is made in advance of the receipt of funds from the endorsers of the checks through reclamation procedures by this account. If the U.S. Treasury is unable to recover funds, the account sustains the loss.

! REFUNDS, TRANSFERS AND EXPENSES; UNCLAIMED AND ABANDONED GOODS:

Unclaimed and abandoned goods are held in storage under Customs Service's custody for one year from the date of importation. At the end of that period, all merchandise upon which duties, storage and other charges have not been paid is appraised and sold at public auction. The expenses shown in this fund represent the net expenses associated with holding this merchandise after receipts from public auction.

PERMANENT AUTHORITY APPROPRIATIONS**! PRESIDENTIAL ELECTION CAMPAIGN FUND:**

The fund supports payments to the candidates running for President during the primaries and the general election, as well as support of nominating conventions. Appropriations to the fund represent receipts from the Presidential Election check-off on taxpayers' income tax returns. Upon certification by the Federal Election Commission, payments are made for the above purposes. Major expenditures occur during the year of the Presidential election -- appropriations shown represent collections from the check-off.

! SALLIE MAE ASSESSMENTS:

The Secretary of the Treasury is authorized by the FY 1997 Omnibus Consolidated Appropriations Act to establish and collect from the Sallie Mae Association an annual assessment of up to \$800,000 (adjusted for each fiscal year ending after September 30, 1997 by the CPI) to cover the expenses related to providing financial oversight of the Association.

! U.S. MINT PUBLIC ENTERPRISE FUND:

The Mint is credited with receipts from its circulating coinage operations, equal to the full cost of producing and distributing coins that are put into circulation, including depreciation of the Mint's plant and equipment on the basis of current replacement value. From that, the Mint pays its cost of operations, which includes the costs of production and distribution. The difference between the face value of the coins and the estimate of receipts is profit, which is deposited as seigniorage to the general fund. Any seigniorage used to finance the Mint's capital acquisitions is recorded as budget authority in the year that funds are obligated for this purpose, and as receipts over the life of the asset.

! CUSTOMS SERVICES AT SMALL AIRPORTS:

The Customs Service charges fees at certain small airports where the volume or value of business is insufficient to justify the availability of Customs services. The funds generated from these fees are applied to expenditures incurred in providing Customs services at each of these designated small airports. The Treasury, Postal Service, and General Government Appropriations Act of 1998 (Public Law 105-284) made permanent the provision that Customs services at small airports may be derived from fees collected.

! PAYMENTS RELATED TO TOBACCO LEGISLATION:

The Budget assumes that a portion of receipts from tobacco legislation would support the kinds of activities recommended by States' Attorneys General and supported by the President, such as grants to States, cessation programs, assistance to farmers, and other State public health programs.

! TREASURY FORFEITURE FUND:

The Treasury, Postal Service, and General Government Appropriation Act, 1993 (P.L. 102-393) established this permanent appropriation, to be used to pay for all seizures and forfeiture costs, similar to the Customs Forfeiture Fund. The Fund has two components, a permanent, indefinite appropriation for designated mandatory expenses and a discretionary appropriation, for other forfeiture-related expenses, funded from the Fund's receipts. The discretionary appropriation was discontinued in FY 1998.

! CLAIMS, JUDGMENTS AND RELIEF ACTS:

Appropriations are made for payment of claims and interest for damages not chargeable to appropriations of individual agencies, and for payment of private and public relief acts. Public Law 95-26 authorized a permanent, indefinite appropriation to pay certain judgments from the general fund of the Treasury.

! REIMBURSEMENT TO FEDERAL RESERVE BANKS:

Legislation was enacted in FY 1992 (Public Law 101-509) establishing a permanent, indefinite appropriation to reimburse Federal Reserve Banks for their services as fiscal agents for the Bureau of the Public Debt beginning in FY 1994.

The FY 1998 Budget requested establishment of a permanent, indefinite appropriation for the Financial Management Service to reimburse Federal Reserve Banks for their services as fiscal agents for Treasury's Fiscal and Depositary Services (with the exception of services associated with the administration of the public debt provided under P.L. 101-509). This language was included in the FY 1998 Treasury Appropriation Act (P.L.105-61).

! GOVERNMENT LOSSES IN SHIPMENT:

Payments are made for the replacement of valuables, or the value thereof, lost, destroyed, or damaged in the course of shipments effected pursuant to section 1 of the Government Losses in Shipment Act, as amended.

! DUTIES, TAXES AND FEES (PUERTO RICO):

Both the U.S. Customs Service and the Bureau of Alcohol, Tobacco and Firearms collect duties and excise taxes for Puerto Rico. These funds are deposited in a receipt account in the Treasury. After the bureaus deduct their cost of collecting these funds, the balance is refunded back to Puerto Rico through this account, which is shown as a Treasury outlay. In total, the activity (receipts/outlays) generally balances to zero, although the repayment is required to be included in total Treasury expenditures.

! CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985 (COBRA):

COBRA established a user fee to cover the U.S. Customs Service's overtime cost for inspection. The fee is levied primarily as a \$6.50 per air passenger charge on those entering the country (reverting to \$5 in 1998 and excluding Canadian, Mexican, and Caribbean points of origin), but is also collected in varying amounts from different vessels and vehicles entering the United States. Fees are deposited in the Customs User Fee Account and are available without annual appropriation to reimburse the Customs Service's Salaries and Expenses appropriation.

! INTERNAL REVENUE SERVICE - NEW AND EXISTING FEES:

The Secretary of the Treasury may establish new fees or raise existing fees for services provided by the IRS to increase receipts, where such fees are authorized by another law. The fees may be spent to supplement appropriations. This includes the fees collected to reimburse informants.

! PAYMENT WHERE CHILD CREDIT EXCEEDS LIABILITY FOR TAX:

The child credit (originally authorized under the Taxpayer Relief Act of 1997) calls for an additional payment to the tax filer in those instances when the credit will exceed the amount of the tax liability owed through the individual income tax system.

! PAYMENT WHERE CREDIT EXCEEDS TAX LIABILITY (EARNED INCOME CREDIT):

The earned income credit (originally authorized under the Tax Reduction Act of 1975) calls for absolute tax credits to low income taxpayers who meet certain qualifications. Only when the tax credit exceeds the taxpayer's total liability for taxes is this account used, and then, only by the amount that the tax liability is exceeded.

! CONTRIBUTION FOR ANNUITY BENEFITS:

This fund reimburses the District of Columbia for benefit payments made from the revenue of the District of Columbia to or for members of the Secret Service Uniform Division under the Policemen and Firemen's Retirement and Disability Act (4 D.C. Code 521).

OFFSETTING COLLECTIONS

In general, amounts collected by the Government are classified in two major categories and are subtracted from the total Treasury budget:

- ! Governmental receipts - arise from the sovereign and regulatory powers unique to the Government. They consist primarily of tax receipts, but also include customs duties, court fines, certain licenses, etc. All governmental receipts are deposited into receipt accounts. These receipts are always reported in total (rather than as an offset to budget authority and outlays).
- ! Offsetting receipts - are all collections that are offset against the budget authority and outlays of the collecting agency rather than reflected as governmental receipts in computing budget totals. Offsetting receipts are comprised of:
 - P *Proprietary Receipts* - These receipts from the public are market-oriented and are derived from activities operated as business-type enterprises.
 - P *Intra governmental Receipts* - These are collections from other governmental accounts deposited in receipt accounts. These are further classified as follows:
 - *Interfund Receipts* - These are amounts derived from payments between Federal and trust funds.
 - *Intrafund Receipts* - These are amounts derived from payments within the same fund group (i.e., within the Federal fund group or within the trust fund group).
 - P *Offsetting Government Receipts* - These receipts are governmental in nature, since they offset agency budget authority and outlays, but they are required to be treated as offsetting receipts.

(dollars in billions)			
	FY 1997 Actual	FY 1998 Estimate	FY 1999 Estimate
Proprietary	(7.8)	(10.4)	(9.2)
Interfund	(1)	(1.1)	(1)
Intrafund	(6.3)	(4.9)	(4.3)
Offsetting Governmental	(1.3)	(1.2)	(1.3)
TOTAL	(16.4)	(17.6)	(15.8)

ANNUAL FINANCIAL MANAGEMENT PERFORMANCE PLAN FISCAL YEAR 1999

Overview

The Department of the Treasury has made significant progress in improving financial management since the passage of the Chief Financial Officers (CFO) Act of 1990 and, as required by the CFO Act, previously documented these efforts in an annual, stand-alone Financial Management Status Report and Five-Year Plan. With the full requirements of the Government Performance and Results Act (GPRA) of 1993 taking hold for the Fiscal Year (FY) 1999 budget submission, Treasury has decided to assimilate all features of the stand-alone report into the various component pieces required by the GPRA. Specifically, the longer-term, financial management initiatives have been incorporated into the Treasury-wide Strategic Plan for FY 1997-2002¹ and the related performance results for FY 1999 will be reported in both the Department's comprehensive FY 1999 Performance Report and the audited Treasury-wide Accountability Report. The ensuing discussion constitutes the remaining GPRA requirement for an annual performance plan. It should be noted, however, that unlike most "directly linked" program budget accounts, the budget accounts for these financial management performance goals are not separate but embedded in the budgetary base.

The **FY 1999 -- Annual Financial Management Performance Plan** is, however, directly linked to the goal in the Treasurywide Strategic Plan to: **Continue to Build a Strong Institution** and grounded in the specific related management objective to: **Ensure Strong Financial Management of Treasury Accounts**. The Performance Plan was thoughtfully developed by the Treasury CFO Council members, with full bureau representation, using the following seven implementation strategies. Under each strategy are the FY 1999 performance targets and criteria for measuring financial management progress at the Department level. Individual related progress and contributions to achieving these Departmental targets will also be measured at the bureau level.

The financial management vision statement and the FY 1999 performance strategies/goals are listed below. Also following is a discussion of the financial management systems structure, the impediments to the submission of the required annual audited financial statements, and significant financial management accomplishments through FY 1997.

Vision Statement

Building a strong institution which ensures sound financial management and stewardship of all Treasury accounts.

¹See both the Departmental overview and bureau specific strategic plans.

Strategies and Goals

Financial Systems Strategy -- Create fully integrated financial systems by standardizing core data elements Department-wide and developing uniform integration policies, to enable all key Bureau financial data to be aggregated for improved analysis and decision making.

- For FY 1999, an intensive effort will be made, with the use of contractor and Treasury resources, to define all common core financial data elements, create a financial data dictionary, accumulate and report the full costs of programs and activities, and provide information necessary to eliminate intra-departmental and inter governmental transactions. This effort to standardize the data elements for major financial/business processes, accumulate and report full costs, and identify and eliminate intra-department and inter entity transactions, represent the essential building blocks for the kind of effective, integrated financial systems needed to provide information for improved analysis and decision making.
- Further, a related initiative will be undertaken to prepare a set of integration criteria for all new and existing financial and interactive program systems. Future adherence to this set of criteria will ensure that all Treasury systems comply with the Federal agency core financial systems requirements, emerging Year 2000 protocols, and Department-wide data architecture standards.

Completion of the above performance targets will position Treasury financial managers to develop a sound, efficient strategy and methodology for guiding the transition from stovepipe to fully integrated financial systems. Not only will the accuracy, timeliness, and usefulness of financial data be improved by these efforts, the initiatives may also lead to more cost-effective cross-servicing systems arrangements among Treasury bureaus and/or across other Federal agencies.

Performance Management Strategy -- Align budget, performance measurement, and accounting data to produce a cohesive financial information framework that institutionalizes a fully integrated Departmental performance management system that includes budget and cost data in support of the decision making process.

- For FY 1999, the initiative to develop a comprehensive set of refined, financial performance measurement indicators for key aspects of bureau financial organizations is slated for completion. The indicators will include performance-based cost accounting measures. This initiative will facilitate comparison of financial management performance across all Treasury bureaus and provide a baseline of information to adjust longer-term strategies to improve financial management.
- In addition, an effort will be made to provide quarterly financial performance information to Treasury leadership to facilitate this effort, with budget activities being more closely aligned and linked to defined bureau lines of business and programs. This level of quarterly reporting will enhance the usefulness of all existing financial information, while allowing for more timely management adjustments to specific programs and/or underlying policies.

Completion of these performance targets will enable the Department's financial and program managers to then move to monthly performance reporting. Also, by maintaining the proper alignment of all performance, accounting, and budgetary information, the increasing credibility of this data will facilitate the institutionalization of performance management across the Treasury Department.

Financial Reporting Strategy -- Develop the systems capability and accounting methodology to provide accurate, timely, and unqualified audit opinions on Departmental financial statements, with full cost accumulation for all Treasury programs and activities, to facilitate internal analysis, resolve known high risk control issues, and external financial statement reporting.

- For FY 1999, the performance target is to receive an unqualified opinion on the consolidated, Treasury-wide audited financial statements -- both the administrative and custodial accounts. Achievement of this outcome necessitates that the Internal Revenue Service (IRS), the Bureau of Public Debt (BPD), and the Financial Management Service (FMS) receive unqualified audit opinions for all accounts which are material to the Department.
- Further, our intention is to submit both the Department-wide audited Accountability Report for FY 1999 and the four required stand-alone audit reports for IRS, BPD, the United States Customs Service (USCS) and the Bureau of Alcohol, Tobacco and Firearms (ATF) to the Office of Management and Budget (OMB) by the statutorily mandated date of March 1, 2000.
- Finally, by FY 1999, or earlier, the Treasury financial managers will report on the full cost of the Department's major programs and activities, preparing the required Statement of Net Cost on a Departmentwide basis -- for inclusion in the audited Accountability Report.

Completion of these performance targets will ensure the Department's full compliance with the accounting and auditing requirements of the CFO Act and the Government Management and Reform Act (GMRA) of 1994. Treasury's credibility as the central financial agency for the Federal Government will also be enhanced upon the achievement of these targets.

Human Resources Strategy -- Recruit, develop, and retain high caliber, entry level financial staff, while broadening the skill level of existing staff, to meet the needs of a technologically advanced, highly leveraged finance office of the future.

- For FY 1999, the performance targets revolve around training and recruitment of financial staff. Specifically, an initiative is planned to establish an effective, entry level financial trainee program, which includes cross-bureau rotation to increase exposure to the many facets of Treasury financial management. A related effort will also be undertaken to develop an effective college level recruiting program that is sustainable in the current budgetary and downsizing environment.
- Working with OMB and the Office of Personnel Management (OPM), in FY 1999 Treasury will champion an effort to upgrade qualification standards for accountants and/or financial analysts to more closely match the expertise levels found in private sector financial institutions.

Completion of these performance targets will, over time, increase the competence levels of all Treasury financial staff and position the Department to deal with a more complex, technologically advanced financial management organization. Such enhanced analytical skills are necessary for Treasury's financial management team to achieve the desired transformation from processing financial transactions to becoming business partners with program directors, who need to make decisions utilizing real-time financial information.

Leveraging Resources and Cross-Servicing Strategy -- Reduce the cost and/or improve the quality and delivery of financial services and/or program operations through the use of internal and external cross-servicing arrangements which leverage available resources.

- For FY 1999, the performance plan calls for the identification and prioritization of Treasury operations where cross-servicing arrangements have the highest potential for savings. This initiative is predicated on the prior development in FY 1998 of cross-servicing quality standards and criteria, along with a catalog of potential cross-servicing providers/arrangements available to Federal agencies.
- Working with the Treasury bureau heads, a goal is to also design an awareness program that promotes the opportunities for and advantages of cross-servicing.
- Finally, in FY 1999, plans include the initiation of at least one project to leverage the Internet, electronic commerce, and/or multi-purpose smart card technology to provide better financial management and services at a lower cost to Treasury bureaus.

Completion of these performance targets will set the tone throughout the Department's financial management community for doing more with less. As staffing levels continue to decline, as well as available systems funding, the strategic leveraging of technology, cross-servicing, and outsourcing will become a necessity.

Capital Budgeting Strategy -- Implement an improved method to budget for capital improvements, through a two-appropriation budget structure (i.e., operations/maintenance and investments) to eliminate the mismatch between the funding process and investment time frames.

- For FY 1999, the primary performance goal is to develop the concept of capital budgeting, in conformance with stated OMB Directives, and issue a proposal for implementation.
- A secondary and related goal is to design a two appropriation structure -- one for operations and maintenance, the other for investments -- that conforms to OMB guidelines and the GPRA requirements.

Completion of these performance goals, with subsequent approval of the proposals by all authoritative bodies, will enable Treasury financial managers to better match funding and investment time frames. Full implementation should result in the establishment of a special fund, such as a capital technology investment account, that would fund investments in technology. This fund would likely be monitored by some type of an Investment Review Board, with final approval at the Department level.

Communications Strategy -- Increase the Treasury Chief Financial Officers Council's capability to communicate on all critical financial management issues and operations, through the expanded use by all bureaus of the Treasury Intranet and available web sites to share information.

- For FY 1999, the performance target is to establish a "user-friendly" Treasury CFO Net for all bureaus, with full functionality. Successful achievement of this outcome will manifest itself by having over 90 percent of all Treasury CFO Council communication, document distribution, and review/comment exercises done electronically over the Treasury Intranet system.
- A related goal for FY 1999 is to increase the Treasury CFO Council's outreach and training programs to over 50 percent of Treasury's financial staff in all the bureaus. An overall plan combining bureau specific efforts, coupled with broader Council sponsored initiatives, will be developed to establish baseline information and to measure progress.

Completion of these related performance goals will raise the level of understanding on important CFO initiatives. Further, use of the electronic medium for communication throughout Treasury's decentralized bureau environment will both dramatically reduce the administrative burden of paper-based communication and improve the timeliness of CFO Council interaction.

Performance Plan Summary

Performance against the seven aforementioned strategies will be measured quarterly throughout FY 1999, and in total for the end-of-year, GPRA required Performance Report. The Treasury CFO Council will also use the quarterly information to refine the action plans for each of the identified performance goals for FY 1999.

Financial Management Systems Structure

The Department's financial management systems improvement activities continue to focus on standardizing and integrating financial systems to enable all key bureau financial data to be aggregated for improved analysis and decision making into the Treasury Executive Information Repository (TIER), scheduled for completion by FY 1999. The Treasury CFO Council's, Financial Systems Policy Committee (FSPC) is an integral part of these activities. The FSPC brings together Chief Financial Officers from several major Treasury bureaus monthly to develop and carry out financial management systems activities. Further, the Treasury Investment Review Board (TIRB) meets monthly to consider and make decisions on Treasury-wide financial management systems activities and projects. Board members include Treasury's Deputy CFO as Vice-Chair and bureau CFOs from USCS, IRS, and FMS. Each Treasury bureau is in the process of establishing an Investment Review Board and associated vetting processes for considering and making decisions within the bureau on these matters, prior to submission or presentation to the TIRB. The Department's overarching, technical financial systems strategy consists of establishing the TIER Departmental data warehouse to serve as a repository of monthly trial balances, and other key financial and performance information, from each Treasury bureau.

Note: The Financial Systems Strategy referenced under the prior section "Strategies and Goals" states the FY 1999 targets for moving to the targeted systems structure.

Impediments to the Submission of the Required Annual Audited Financial Statements

Achieving an unqualified opinion on IRS' financial statements in a timely manner - Since the inception of the CFO Act's financial statement audit requirements in FY 1992, IRS has received a disclaimer of opinion on its statements primarily because General Accounting Office (GAO) has been unable to satisfy itself as to whether IRS' reported revenues have been fairly stated. And, even while receiving disclaimers, the IRS financial statements and associated auditors' reports have not been issued in a timely manner. The Department, IRS, and GAO have been working to improve both the timing and auditability of the IRS' revenue data. For example, we are currently exploring the feasibility of using existing estimation techniques to report the allocation of fourth quarter receipts to the various trust funds. This allocation has heretofore relied on actual tax return data, which is not received timely for financial statement purposes and has proven to be a major impediment to timely completion of IRS' financial statements.

Weaknesses in financial management systems - Several of the Department's bureaus have financial systems that do not comply with federal systems standards and are reported as material nonconformances under the Federal Managers' Financial Integrity Act (FMFIA). These systems do not produce timely, accurate financial data, which hampers the timely preparation and auditability of financial statements. As the systems problems are corrected, timeliness, accuracy, and auditability should all be improved.

Year end closing/audit schedules - Historically, government agencies have not been required to close their books and finalize their financial statement numbers on an accelerated basis. And, of course, their financial statements were not required to be audited. With the passage of the CFO Act and then GMRA, the timing of the financial statement preparation and audit processes has become more critical. The Department has been working to accelerate the completion of year end closing and financial statement preparation through the development of ever more stringent time frames. Our FY 1996 statements were completed much earlier than our FY 1995 statements, and we anticipate continued improvement for FY 1997.

We have also continued to work with our Office of the Inspector General (OIG) to have as much of the required audit work as possible performed prior to year end. However, in some respects the OIG is limited in this respect by the lack of reliable financial management systems, as described above.

Lack of automated data collection capabilities - Each of the Department's bureaus operates its own independent financial management system, and transmits year end financial data to the Department via pre-formatted disks. The preparation of the Department's financial statements could be accelerated if bureau data could be transmitted electronically to the Department. The Department has made considerable progress in developing the TIER central data warehouse to capture bureau data, and continues to explore various means to accomplish this end.

Significant Accomplishments

Several accomplishments took place in 1996-1997. Some of the more significant ones include:

- ▶ Provided useful input/comments in developing/finalizing the first set of FASAB Federal Financial Accounting Standards, particularly, the Managerial Cost and Revenue accounting standards which have direct affect on Treasury's operations.

- ▶ Created a public/private Financial Statements Advisory Committee to finalize Treasury's GMRA Reporting Model for use in preparing the FY 1996 Department-wide financial statements.
- ▶ Worked with IRS and GAO/Treasury OIG auditors in developing the first detailed, comprehensive FY 1996 audit plan, based on FY 1995 experience, with testimony on these efforts before Congressman Horn regarding IRS audit status.
- ▶ Produced Treasury's first audited FY 1996 Accountability Report, containing Department-wide combined financial statements/program performance information and submitted it to OMB in April 1997 with general distribution to Treasury, the Congress, the CFO Council and others. The FY 1996 effort resulted in first-time, unqualified opinions for both USCS and ATF, and a qualified opinion for IRS' administrative balance sheet, plus indications at the juncture from GAO of the real possibility of a qualified opinion on IRS' custodial/revenue statements as well.
- ▶ Assisted with establishing the acceptable financial services and budget/account structuring of the Connie Lee and Sallie Mae programs by consulting with the Departmental Office (DO), Financial Management Division (FMD), OMB, General Counsel, the Office of Domestic Finance, and the Department of Education.
- ▶ Encouraged continued exercising of transfer authorities from expired accounts to the sum of \$60 million in FY 1996.
- ▶ Ensured the smooth close-out of FY 1996 without any budgetary crises or major lapses in funds.
- ▶ Worked on the passage and subsequent implementation of the Debt Collection Improvement Act, including finding "seed" funding; finalized all organizational/logistical items for Treasury's Franchise Fund and Advisory Committee for fall operations in FY 1997; and completed the FY 1996 FMFIA Report on schedule.
- ▶ Assisted in the preparation of the Treasury's Year 2000 initiative regarding core financial systems and ensured that the TIER data warehouse project remained on schedule.
- ▶ Instituted, as part of establishing the TIRB, a decision criteria framework with a Department-wide cost gathering initiative on all system costs to determine possible opportunities for savings if bureaus were to be cross-serviced versus building their own systems for each function.
- ▶ Developed a charter for the FSPC making it an operational reality in the fall of 1996.
- ▶ Developed and implemented a rudimentary Treasury CFO Net E-mail system that connects all Treasury CFO Council members electronically, along with a Treasury CFO Home Page that was also operational.

DEPARTMENT OF THE TREASURY

Proposed Legislation

! TARGETED MERCHANDISE PROCESSING FEE ADJUSTMENT

The President's budget includes a proposal that would allow the Secretary of the Treasury to increase the rate of the Merchandise Processing Fee (MPF) to offset the costs of modernizing Customs automated commercial operations. Proceeds of the fee increases would be statutorily restricted to this modernization effort. Subsequent to the President's budget, authorization legislation would be proposed to allow the Secretary of the Treasury to increase the ad valorem rate paid by importers on formal cargo entries into the United States from .21 percent to up to .25 percent. (This would not include imports excluded from the MPF under the North American Free Trade Agreement (NAFTA).) The proceeds would be available to Customs on a current indefinite basis after necessary legislation by the authorizations and appropriations committees. This proposal would provide Customs with \$48 million and 24 FTE in FY 1999 for the modernization of Customs automated commercial operations, in addition to the \$8 million requested through the Department of Treasury's Automation Enhancement appropriation account (in lieu of NAFTA exemptions).